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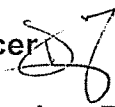
**FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCO)**  
**EXECUTIVE OFFICER'S REPORT**

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ADDENDUM TO AGENDA ITEM No. 7

**DATE:** April 13, 2016

**TO:** Fresno Local Agency Formation Commission

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

**SUBJECT:** Consider Adoption: Municipal Service Review and Sphere of Influence Update Prepared for the City of Fresno; Commission Action to Conclude Activities of Ad Hoc Committee

**RECOMMENDATION:** continue to the Commission's May 11, 2016 meeting to permit the City of Fresno to produce a program for the southeast specific plan that conforms to the Commission's planning horizon policy.

**Discussion**

Sanger Unified School District (SUSD) COO Richard Sepulveda has sent a letter to the Commission requesting that Fresno LAFCo not modify the City of Fresno's southeast sphere of influence (SE SOI) or modify the "area east of DeWolf Avenue and south of Kings Canyon, which is an area of about 1,280 acres instead of the 2,560 acres proposed." (Letter attached)

Salvador Gonzales, COO of Lance-Kashian & Co. has also submitted a letter expressing his company's "vehement" opposition to removing the subject territory from the SE SOI. Mr. Gonzales summarizes Lance-Kashian & Co. plans for development in the SE SOI, noting, "We have relied on the planned Sphere of Influence and now under this proposed item there will be dramatic change." (Letter attached)

Fresno City Manager Bruce Rudd has also provided a letter opposing the recommended reduction of the SE SOI. (Letter attached)

The ad hoc committee's recommendation was based in part on a perceived lack of development interest in the subject territory and SUSD's earlier statements to staff that removal of the subject territory was not an issue to the District. Given the comments in the letters, the ad hoc committee may consider re-evaluating its recommendation.

In addition, it is staff's position that the product of several months' effort by the ad hoc committee collecting and assessing information, the question is not should the SE SOI boundaries be revised but whether the City of Fresno is as committed to specific planning of this area today as it was ten years ago.

The LAFCo's 2006 Resolution #144 amending the Fresno SOI to include what was then known as SEGA includes the following language:

This Commission's conditional approval of the proposed SOI revision is based on the

understanding and promise by the City that the preparation and adoption of a community or specific plan for the southeast growth area will be completed before the City of Fresno applies for any change of organization in this area...

Both the 2003 City/County Memorandum of Understanding (MOU) and the 2006 resolution contain similar conditions requiring specific planning, service planning, and complementary studies.

With the onset of the Recession and collapse of the housing market, the City shifted its planning focus, culminating with the 2014 Fresno General Plan that now focuses on infill development and growth west of SR 99. SEGA, now known as SEDA, moved to an indeterminate position in the General Plan.

It is noted that only annexation applications *by the City* are conditioned in the MOU and 2006 resolution on performance of a specific plan and other planning and service documents. This has significant implications to the vision of planned development in the SE SOI. For example, in 2015, a developer successfully processed a 20-acre tentative map in the SE SOI with the City, that was found exempt from the MOU by both the City and County, and was approved by LAFCo, without being subject to the conditions of the MOU or 2006 resolution.

Based on information received to date, the Clovis and Sanger Unified School Districts anticipate growth in their respective portions of the SE SOI. The CUSD has bonded for improvements and the SUSD anticipates growth but currently lacks the assessed valuation to pass bond measures. Both Districts now oppose any change to the SE SOI. In addition, Building Industry Association staff has informed LAFCo that their membership is focusing on territory north of McKinley Avenue and now staff understands that Lance-Kashian & Co. is also invested in the SE SOI.

The City's commitment to planning was the basis for the County's conditional agreement in the 2003 MOU, and LAFCo's approval of a SE SOI in 2006. Stakeholders, including school districts and builders, then based their own plans on LAFCo's 2006 amendment of the SE SOI.

For this reason, staff believes that the reaction of stakeholders to the notion of change of the City's SE SOI has been, if not timely, relatively consistent: don't change the SE SOI.

This presents two problems of interest to LAFCo. The SE SOI stakeholders have "bet their stakes" on a plan but may not completely understand the logistics that the City must complete in order to fulfill its promise for a specific plan. The tasks necessary include staffing, funding, timing, and coordination of plans with service delivery resources, in an environment where funding and staffing must compete with other city priorities. They saw only that LAFCo has approved the SE SOI and that the City has adopted a general plan, and they organized their operations to accommodate this anticipated growth. The problem is that aside from a general land use diagram, there is no specific plan as required by the MOU and 2006 resolution. *As a consequence, until there is a specific plan there will be no growth and development in the SE SOI.* As far as staff can determine, a specific plan for the SE SOI is not a priority for the City.

The Commission's interest in orderly, logical, and efficient growth of cities is in conflict with the tension resulting from public and private capital investments that rely on an uncertain delivery of the SE specific plan. In fact, the City's testimony at the listening session indicates that the City

is at least 20 years out from needing to expand into the SE SOI. A rhetorical question for the stakeholders is whether they understood the implications of this uncertainty.

The second problem of interest to LAFCo is that the lack of attention in the 2003 MOU and 2006 resolution to property-owner petitions for annexation in the SE SOI. The potential result could be annexation resulting in piecemeal development approved without a specific plan—a plan that was the very core of the County and LAFCo support for the SE SOI. This exception was not fully appreciated at the time and runs contrary to the Commission's interest in orderly, logical, and efficient growth of cities.

The comments by SUSL and Lance-Kashian & Co. reinforce a larger issue for the Commission to consider: the gap between the promises made by the City and the investments made by stakeholders based on those promises. In staff's opinion that gap must be in some way resolved before the Commission acts on the MSR and SOI.

Staff therefore recommends that this item be continued to the Commission's May 11<sup>th</sup> meeting and direction given to the City to demonstrate its fidelity to a specific plan for the SE SOI by producing a plan development schedule that conforms to the Commission's planning horizon policy. The parties who made investments in the vision of SEGA looked upon the efforts of the City, County, and LAFCo as good faith commitments. By establishing a specific plan program, the City of Fresno has the opportunity to revitalize a unique vision for metropolitan growth in the San Joaquin Valley. The program for a specific plan should contain, at a minimum:

1. Schedule of tasks and the necessary staff and consultant resources;
2. Funding source(s);
3. Projected series of actions to be taken to demonstrate the City's good faith efforts to fulfill its commitment to the vision of the SE SOI.

Fulfillment of this direction to the Commission's satisfaction may serve to support the SE SOI as it stands today.

Nonfulfillment may result in a Commission determination to remove the SE SOI in its entirety. While such a determination does not preclude future amendments of the SOI, it would recognize that the circumstances of SE growth underlying the 2003 MOU and the 2006 LAFCo resolution have significantly changed and may no longer be feasible.



# SANGER UNIFIED SCHOOL DISTRICT

1905 SEVENTH STREET • SANGER, CA 93657  
(559) 524-6521 FAX 875-0311

MATTHEW J. NAVO, SUPERINTENDENT

April 11, 2016

Received

APR 13 2016

Fresno LAFCo

David Fey, AICP  
Executive Officer  
Fresno LAFCo  
2607 Fresno Street, Suite B  
Fresno, CA 93721

Subject: Commission Agenda Item No. 7--City of Fresno Sphere of Influence Update

Dear Mr. Fey:

The purpose of this letter is to provide the Sanger Unified School District's position on the proposed reduction of the City of Fresno Sphere of Influence (SOI) in the Southeast Development Area (SEDA). The proposed action would reduce the area within the Fresno SEDA SOI by 2,560 acres bounded by Kings Canyon, Temperance, Jensen and the Highland alignment. All of this territory is within Sanger Unified School District.

We would like the current Fresno SOI to remain as it now exists with no reduction in territory. We believe the area proposed for removal is a viable development area that will be beneficial to the District and the City of Fresno. The area has excellent access to Freeway 180 and a planned bus rapid transit line. Preliminary plans for this area include nine school sites, as well as substantial regional business park and regional commercial areas. The business park and commercial development will provide needed jobs and tax base for the community and will result in an increase in assessed valuation. Sanger Unified is lacking in assessed valuation, which hinders the ability of the District to pass bond measures in sufficient amounts to fund needed facilities. And once bond measures are approved, increases in valuation help the District to issue bonds within a reasonable period of time.

Page 6 of the staff report under item 3 indicates that the District "has no pending plans to expand its services to this area; already has enough on its plate within the pre-2006 SOI." While it may be true that the District currently has a "lot on its plate", this does not mean that the District is supportive of removing its territory from the existing SOI.

In conclusion, the District urges LAFCo to keep the SOI as it now exists. If a reduction in the SOI is deemed necessary, we would suggest a smaller reduction, such as the area east of DeWolf Avenue and south of Kings Canyon, which is an area of about 1,280 acres instead of the 2,560 acres proposed.

Thank you for the opportunity to comment on the proposal. Please contact me if you have any questions.

Sincerely,

Richard Sepulveda  
Chief Operations Officer

----- "A Tradition of Excellence" -----

Trustees: Peter R. Filippi Ismael (Mike) Hernandez James D. Karle Kenneth R. Marcantonio  
Marcy Masumoto Jesse Vasquez Tammy Wolfe


# Lance-Kashian & Co.

265 E. River Park Circle, Suite 150 • Fresno, California 93720  
Voice: (559) 438-4800 • Facsimile: (559) 438-4802

Received

April 12, 2016

Honorable Robert Silva, Chairman  
Fresno LAFCo  
2607 Fresno Street  
Fresno, CA 93721

APR 13 2016  
  
Fresno LAFCo

**RE: Letter of Opposition to Agenda Item Number 7, on April 13, 2016 Agenda**

Dear Mr. Chairman Silva,

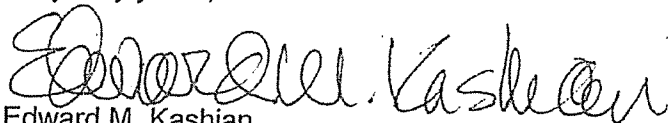
The purpose of this letter is to convey our vehement opposition to removing 2,560 acres from the Sphere of Influence in item number 7, on the April 13, 2016 LAFCo agenda. Our great city and community for decades have needed private equity investment to produce true economic development.

Moreover, for many years we have been planning, developing and have invested over \$20 million in the south east quadrant of Fresno. With this action you will critically impair our investment. We have relied on the planned Sphere of Influence and now under this proposed item there will be dramatic change. When our efforts are completed, we will have invested over \$200 million. What is before you will not only significantly impair our investment, it will change the direction of Fresno after many years of planning. Additionally, it will destabilize an already difficult environment with investors and institutional lenders. We are greatly disappointed in what is being proposed.

Furthermore, the smart growth planning principals and new urbanist goals that have been planned in the SEGA will be impacted.

In closing, we request your "NO" vote on this item.

Very truly yours,



Edward M. Kashian  
Chief Executive Officer



Salvador Gonzales  
Chief Operating Officer

cc: Honorable Brian Pacheco  
Honorable Daniel Parra  
Honorable Henry Perea  
Honorable Buddy Mendes  
Mario Santoyo  
Michael Lopez  
Honorable Scott Robertson  
David E. Fey

Honorable Mayor Ashley Swearengin  
Honorable Sal Quintero  
Bruce Rudd  
Jennifer Clark  
Danny Kuniyoshi



**BRUCE RUDD**  
City Manager

Received

APR 12 2016

Fresno LAFCo

April 11, 2016

David Fey, Executive Officer  
Fresno Local Agency Formation Commission (LAFCo)  
2607 Fresno Street, Suite B  
Fresno, CA 93721

**RE: April 13, 2016 LAFCo Meeting, Agenda Item No. 7**

Dear Mr. Fey:

On Wednesday, April 13, 2016, the Fresno LAFCo will take action on the City of Fresno's Municipal Service Review (MSR) and the City of Fresno's Sphere of Influence. It is important to note that the consultant hired to prepare the new MSR began work in 2013 but a draft was not completed until 2015; in addition to the extraordinary length of time it took to complete the MSR, this document represented an extreme departure from prior reviews prepared by the Fresno LAFCo (as noted in my August 19, 2015 letter). Despite the length of the document, it was apparent that the first draft of the MSR was deficient, resulting in a two month delay while our staff collectively worked to present a corrected document for review. On October 26, 2015, the City sent a letter with the final review draft which concurred with all the recommendations, including staff's recommendation to maintain the existing Sphere of Influence (SOI).

On November 4, 2015, the LAFCo Board heard a presentation on the MSR at a workshop with subsequent action continued to December 9, 2015. Development Area 4-East, as defined in the Fresno General Plan, formerly known as SEGA, was discussed and an Ad Hoc Committee formed to review only this area. As noted in the staff report, there were other areas of the SOI that were recommended for modification, including the addition of the Regional Wastewater Treatment Facility and the trail area between Friant Road and the San Joaquin River in North Fresno which were not evaluated by the Ad Hoc Committee.

On February 5, 2016, the City of Fresno was invited to a listening session hosted by the Ad Hoc Committee. During this session, the City of Fresno presented its current status of development including the progress toward meeting the Memorandum of Understanding (MOU) with Fresno County, otherwise known as the Tax Sharing Agreement. During this meeting the City demonstrated that it was more than half-way toward its infill development goal of 60% per the MOU - achieved within the first 10 years after adoption.

At this rate of growth, the City will be positioned to move into Growth Area 2 both west and east in less than 10 years. This rate of housing development occurred during a severe housing recession and the City continues to see demand for a balance of infill investment and new growth development. One of the most significant challenges to reaching the 60% requirement of the MOU is the over-parcelization and lack of infrastructure that has been allowed to occur in

the City's west growth area within the SOI. This is due to a lack of consistency in adherence to the requirements of directing urbanized development to the cities.

LAFCo stated that approving the change in SOI was predicated on development occurring within 20 years of inclusion in the new planning area. Since the SOI was updated by LAFCo in 2006, and again in 2007, there are more than ten years left to reach the expected development goal. At the current rate of development, it is anticipated that the City will reach the 60% development requirement by 2025, several years before the planning horizon.

Additionally, the City has initiated or completed many of the requirements for orderly development and growth including initiating a Southeast Growth Area Specific Plan which was rolled into the City's recently adopted General Plan, Master Environmental Impact Report, and associated studies. While there is work left to be done, the City's efforts have already led other governmental entities such as the Sanger Unified School District (SUSD) and the Clovis Unified School District (CUSD) to make plans for future school sites and project student demand based on geographic concentration of housing units.

At this juncture, LAFCo must make four determinations regarding the future of the City of Fresno's Sphere of Influence.

- **Growth and population projections for the affected area**

The Fresno General Plan calls for growth to begin occurring in Development Area-4 East within the next 10 years accommodating nearly 9,000 housing units before 2035. Following the first 10 years, which would include significant planning for orderly growth, there are an anticipated 26,000 housing units projected to be developed in this area alone. Removing Development Area 4-East from the Fresno Sphere places additional growth pressure on other unincorporated areas within Fresno County or pushes housing units to cities that have not prepared for this type of growth through their General Plans or possess the resources needed to support additional growth (e.g., water).

- **Present and probable need for public facilities and services**

As presented during the listening session, both CUSD and SUSD stated that their jurisdictions have made significant investments based upon the projected Development Area 4-East in the Fresno General Plan. These include the acquisition of land needed to support future campuses and the anticipated demand of growth. In fact, SUSD is already prepared to begin financing and construction on a complete middle-high school campus to serve the current demand for students. Upon opening, the district anticipates reaching full capacity in a few short years. The district is also evaluating where its next school site will be located within Development Area 4-East. The school has a present need for facilities and services. This is true for the CUSD campus in the northern section of Development Area 4-East. The City of Fresno is the most appropriate jurisdiction to provide utilities and supporting resources to these two school districts as provided in the General Plan MEIR.

- **Present and future capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide**

The MSR clearly indicates that the City of Fresno has the capacity to provide the necessary infrastructure for orderly growth and development. This includes the City's

ability to access potable water supplies well beyond the capacity of neighboring cities or the unincorporated County.

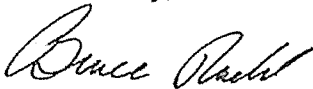
- **The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency**  
As provided in the MSR, there are no communities of interest in this area.

Based on the findings contained in the MSR and the responses provided during the Ad Hoc listening sessions, there is not a compelling reason to amend staff's original recommendation and to remove the area bounded by Kings Canyon Road and Jensen Avenue. In fact, there are a number of reasons to support staff's original recommendation including:

- Mitigating the impacts of over-parcelization that has occurred in other unincorporated areas of the County
- SUSD believes this area is necessary for imminent school growth planning. If it is removed from the City's SOI, SUSD will not be able to access utilities for its school sites.
- Any housing units in the City's General Plan assigned to this area will need to be absorbed into the County's General Plan or reassigned to other incorporated communities; either scenario requires extensive study by these agencies and amendments to their existing General Plans and Environmental Impact Reports.

Therefore, it does not appear that LAFCo can objectively justify the removal of the approximately 2,560 acres in Development Area 4-East from Fresno's SOI given the historical rate of development patterns, growth rates, capacity to provide infrastructure, and the imminent demand of other governmental jurisdictions.

Sincerely,



Bruce Rudd  
City Manager

cc: Ashley Swearingen, Mayor  
Fresno City Councilmembers  
Renena Smith, Assistant City Manager  
Jennifer Clark, Director of Development and Resource Management



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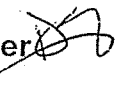
FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCo)  
EXECUTIVE OFFICER'S REPORT

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AGENDA ITEM NO. 7

DATE: April 13, 2016

TO: Fresno Local Agency Formation Commission

FROM: David E. Fey, AICP, Executive Officer 

SUBJECT: Consider Adoption: Municipal Service Review and Sphere of Influence Update Prepared for the City of Fresno; Commission Action to Conclude Activities of Ad Hoc Committee

**RECOMMENDATION:** Adopt the Municipal Service Review prepared for the City of Fresno and update the Fresno sphere of influence by taking the following actions:

- A. Approve a finding of Categorical Exemption from the provisions of the CEQA under Section 15306, "Information Collection," for the Fresno Municipal Service Review.
- B. Approve a finding of Categorical Exemption from the provisions of the CEQA under Section 15061(b)(3), "General Rule," for the Fresno sphere of influence update.
- C. Find that the Municipal Service Review prepared for the City of Fresno is complete, satisfactory, and satisfies State law and adopt the MSR.
- D. Find that the written determinations, as amended in this report, within the Municipal Service Review and Sphere of Influence update satisfy State Law.
- E. Pursuant to Government Code Sections 56425 and 56430 make the required determinations for the Municipal Service Review and Fresno Sphere of Influence Update, adopt the Municipal Service Review prepared for the City of Fresno and amend the Fresno sphere of influence by the following actions which are described in more detail in the MSR and this report:
  - 1. Adding Friant-Copper territory (MSR Figure 21-2) and the Regional Wastewater Reclamation Facility (Attachment "E");
  - 2. Removing territory from the southeast sphere of influence (Attachment "E"), and
  - 3. Considering but suspending action on the addition of territory to the Fresno sphere of influence for the High Speed Rail heavy maintenance facility until such time as the HSR commission determines a location for the facility (MSR Figure 21-1).
- F. Conclude the activities of the LAFCo Ad Hoc Committee.

*Note: the draft Municipal Service Review was distributed with the Commission's November 4, 2015, packet and is available on the LAFCo website at [www.fresnolafco.org](http://www.fresnolafco.org) under the "Hearings and Workshops" tab.*

## Executive Summary

This report presents recommendations by staff and the Ad Hoc Committee for amendments to the draft Fresno Municipal Service Review (MSR) and Sphere of Influence (SOI) update presented to the Commission at its November 4, 2015 hearing (MSR summary is labeled "Exhibit A" and is within Attachment "B.")

- The Ad Hoc Committee recommends an update of the 2006 Fresno southeast sphere of influence by removing approximately 2,560 acres as described in this report; and
- Staff recommends amendments to the draft MSR and SOI determinations and recommendations that account for additional information and analysis received since the November, 2015, hearing.

## Background

On September 9, 2015, the Commission considered the draft Fresno Municipal Service Review (MSR) and Sphere of Influence (SOI) update and a related request to revise the City of Fresno's sphere of influence by adding approximately 37 acres of territory located north of Copper Avenue and east of Friant Road (LAFCo File No. RSOI-164). The Commission took no action on the proposals but continued the hearing to a date uncertain (Attachment "A").

On November 4, 2015, the Commission conducted a workshop on the draft Fresno MSR and at the conclusion of the workshop continued the item until December 9, 2015, at which time the Commission would consider exploring the options available for Commission action on the southeast portion of the Fresno SOI (also known as "SEDA" or "SEGA"), including appointing an Ad Hoc Committee to examine the issues (Attachment "B").

On December 9, 2015, the Commission appointed Commissioners Perea and Santoyo and Executive Officer Fey to an Ad Hoc Committee to examine options related to Commission action on the Fresno SOI. In establishing the Ad Hoc Committee, the Commission directed the Committee to conduct an initial administrative meeting followed by a public workshop ("listening session") to accept comment and to support the development of a recommendation to the Commission. Correspondence received prior to the close of public testimony that day was received from Don Ulrich, Clovis Unified School District and Manuel Cuhna, Nisei Farmers League. Testimony was presented by Mary Savala, League of Women Voters, Ashley Werner, Leadership Counsel, and Will Scott, farmer. Since that meeting, staff has been contacted by Dan O'Connell of the American Farmland Trust and Mark Reitz, landowner of 20 acres located at the southeast corner of Temperance and California Avenues.

The Ad Hoc Committee met on December 21, 2015, to discuss options related to Commission action on the Fresno Sphere of influence. The Committee agreed that its scope of work would be to determine the facts and information needed to support the MSR and SOI determinations, including the City's efficient extension of service to the Southeast SOI, and timing of Fresno's General Plan program for development in the Southeast SOI. Ad Hoc Committee memoranda 1 – 3 can be found in Attachment "D."

## Listening Session

On February 5, 2016, the Ad Hoc Committee conducted a "listening session" workshop to collect information to support a committee recommendation to the Commission on the Fresno MSR and SOI. This event was noticed to southeast sphere of influence (SE SOI) stakeholders including the Cities of Fresno, Sanger and Clovis, Fresno County Public Works and Planning, the Clovis and Sanger Unified School Districts, the State Center Community College District, agricultural interests, citizen groups, and the building industry. Minutes of the listening session can be found in Attachment "C;" PowerPoint presentations from the listening session can be found at [www.fresnolafco.org](http://www.fresnolafco.org) under the "Hearings and Workshops" tab.

A summary of the comments is presented:

- City of Fresno presented an evaluation of its SEDA conditions and concluded that the SOI remains appropriate to accommodate city growth in the SOI horizon. The City had previously expressed concerns that if SEGA SOI removed then this territory would be available to the Cities of Sanger or Clovis, and that the loss of SEGA SOI will focus development pressure on Friant Corridor.
- State Center Community College District representative noted that the City of Fresno asked that the District place its new center in the southeast and is uncertain about service delivery if not in SE SOI.
- Clovis Unified School District (CUSD) representative was concerned about delayed development in the Bradley Educational Center area that may result from a change to the SE SOI.
- Sanger Unified School District (SUSD) representative was supportive of maintaining the SE SOI.
- Mike Prandini, Building Industry Association (BIA) noted that development is picking up, and recommended conferring with other agencies prior to action.
- Manuel Cuhna, Nisei Farmers League: mitigation impacts, farmers expect to sell land to developers, doesn't support leap frog development.
- Will Scott expressed his concern that agricultural uses be protected.
- Leland Parnagian described his family's agricultural business practices in the southeast SOI and recommended leaving it as is.

The central question for the Commission to consider is whether the SE SOI in its current configuration is necessary to accommodate—within the Commission's SOI planning horizon—the probable physical boundaries and service area of the City of Fresno.

Since the February 2016, listening session, staff has continued to confer with stakeholders including the Cities of Fresno, Clovis, and Sanger, the Sanger and Clovis Unified School Districts, the State Center Community College District, and the BIA. Staff and the Ad Hoc Committee have also considered the testimony from individuals regarding the need to keep agricultural uses vital in Fresno County. Ad Hoc Committee administrative memoranda 1 – 3 can be found in Attachment "D."

## Ad Hoc Committee Recommendation

Based on this additional information and analysis, staff and the Ad Hoc Committee recommend the following amendments to the draft MSR as initially presented to the Commission in its

November 4, 2015 report (Attachment "B").

## **Revision to Draft MSR Determination and Recommendation**

### *1. Growth and Population Projections for the Affected Area*

MSR Determination to be added: *Land demand information provided by the City indicates that the territory needed in the southeast SOI to accommodate 20-year growth is less than the current configuration of the SE SOI.*

This additional MSR determination is based on testimony presented by City of Fresno staff during the listening session. It is more fully explained later in this report.

MSR Recommendation to be deleted: *that the City evaluate whether its SEDA conditions—contained in both the City/County Memorandum of Understanding and Fresno LAFCo's conditional approval of the SE SOI—remain appropriate given the shift in the General Plan's development policy since 2006.*

This recommendation has been generally satisfied given the City of Fresno's testimony at the February listening session.

MSR Recommendation to be added: *a specific or community plan shall be submitted with any application for sphere amendment or annexation in the SE SOI.*

LAFCo's 2006 resolution adopting the SE SOI referenced the City's commitment to the County in the 2003 City/County memorandum of understanding (MOU) amendment that "provided the SOI amendment is approved, the city will move forward with the preparation and adoption of various community and Specific Plans." LAFCo resolved in sec. 6 of the 2006 resolution that "the proposed SOI expansion will accommodate anticipated growth needs of the City of Fresno in the affected area and, with certain recommended conditions for future annexations therein, will provide for all existing and planned uses." Therefore, in addition to the City's testimony, other substantive factors in the recommendation are the shift of emphasis in the Fresno General Plan from SEGA to infill development and growth in the West Area planning as well as an indeterminate timeline for specific planning in the southeast SOI. The latter being a cornerstone of the 2003 MOU and LAFCo's 2006 resolution supporting SEGA.

This important feature deemed critical to the development in the SE SOI and agreed to by three public agencies, only reference applications by the City, and does not include petition-initiated applications tendered by property owners. Staff recommends that the Commission clarify its intent that any and all applications for sphere of influence amendments and annexations in the SE SOI be accompanied by adopted, appropriately-scaled, planning documents (such as specific or community plans and their related CEQA and service delivery plans).

## **Revisions to draft Sphere of Influence Determinations and Recommendations**

Pursuant to CKH sec. 56425, four determinations are necessary for Commission action on the

SOI. Determinations are conclusions made by the Commission based on information in the record and when approved by the Commission they form the basis for action on the SOI. The SOI determination proposed for amendment is presented below with contextual information:

*2. Present and probable need for public facilities and services.*

SOI Determination to be added: *The territory in the SE SOI exceeds the City's 20-year land demand and may be reduced.*

SOI Recommendation to be added: *that the SE SOI be reduced by approximately 2,560 acres.*

Supporting analysis for the added determination and recommendation is presented as follows. In its presentation to the February listening session, Fresno staff provided an estimation of the City's need for territory to implement its General Plan:

- The (2006) SOI was approved given available residential land for development of 12,900 acres
- Since that time,
  - 2,000 acres have been developed
  - 2,250 acres are now entitled
- Leaving 8,650 acres free for development – or 33% of the total land described as vacant for residential development in the 2025 General Plan

The planning horizon for Fresno LAFCo's SOI is 20 years.<sup>1</sup> During the 2006-2016, period approximately 4,250 acres were developed or entitled in the City. At this rate, the remaining 8,650 acres of developable lands in the pre-2006 SOI may take the City over 20 years (2026) to develop before development in 2006 SE SOI is needed.

The SE SOI recommendation (Attachment "E") is more fully described as follows.

*1. Territory north of McKinley Avenue, approx. 1,000 acres*

No change to the SOI is recommended here. Contributing factors include existing parcelization of land favors the assembly of land and its efficient urbanization; there has been a significant investment by the CUSD and local builders in this area in anticipation of growth.

*2. Territory between McKinley Avenue and Kings Canyon Road, approx. 2,560 acres*

No change to the SOI is recommended here. Most of this area is already planned by the Fresno County General Plan for rural residential land uses. Alteration of this sub-area's SOI would not have a substantive effect on agricultural uses or resources because it is largely committed to existing and planned rural residential uses. There is limited potential for new more intense urban development in this area given the limitation of the planned land use, the dispersed nature of potentially available parcels, and the contribution of these factors to logical and orderly annexation.

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<sup>1</sup> Fresno LAFCo Municipal Service Review policies 107-03, 107-04.

The timeline for the area's annexation potential is also impacted by the large unincorporated area between Temperance and Clovis Avenues that would have to be annexed to the City before territory east of Temperance is annexed. The 2003 MOU recognizes this and requires an annexation plan as a condition of development in SEGA. This requirement is recommended to be included in LAFCo's resolution.

These factors could indicate that the area should be removed from the SE SOI; however, staff recommends that this area be retained in the SOI for the very reasons just presented. The territory constitutes a "social or economic community of interest," in other words, an established neighborhood that has been suburbanized under Fresno County land use authority. With the exception of County Service Area No. 14, this area is largely supplied by private water wells and septic tanks. It is foreseeable that groundwater conditions or future requirements of the Sustainable Groundwater Management Act could prompt a need for the City to serve this area. Extension of service without annexation is less consistent with LAFCo policy than outright annexation, and in order for this to be feasible it must be within the Fresno SOI.

3. Territory between Kings Canyon Road and Jensen Avenue, approx. 2,560 acres

Removal of this area from the SOI is recommended for reasons presented earlier in this report. These four sections totaling 2,560 acres are largely in agricultural uses with scattered rural housing. The Sanger Unified School District has no pending plans to expand its services to this area; already has enough on its plate within the pre-2006 SOI.

Removal of this territory would have the greatest benefit to agricultural uses as the presence of prime agricultural land currently under production and Williamson Act contracts.

4. Territory south of Jensen Avenue to North Avenue, approx. 1,600 acres

No change to the SOI is recommended here. The SCCCD representative was supportive with keeping this area in the SOI and expressed that other changes to SOI would not impact the District.

It is noted that the Fresno General Plan identifies a "Peach-Jensen Neighborhood" in its discussion of SEDA, though neither the 2003 MOU nor the LAFCo 2006 Resolution included this area.

DEF:cf

## Attachment A

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

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AGENDA ITEM No. ~~9 and 10~~

DATE: September 9, 2015

TO: Fresno Local Agency Formation Commission

FROM: David E. Fey, AICP, Executive Officer 

PREPARED BY: George Uc, LAFCo Analyst II

SUBJECT: 9. Consider Adoption: Municipal Service Review and Sphere of Influence Update Prepared for the City of Fresno

10. Consider Approval: City of Fresno "Sphere of Influence Revision." A request to revise the City of Fresno's sphere of influence by adding approximately 37 acres of territory located north of Copper Avenue and east of Friant Road (LAFCo File No. RS01-164).

RECOMMENDATION: Continue to Date Uncertain

#### Executive Summary

On August 24<sup>th</sup> staff received a letter from Fresno City Manager Bruce Rudd (attached) requesting the Commission to table the September 9, 2015, hearing of the Draft City of Fresno MSR to the November 4<sup>th</sup> hearing. Mr. Rudd expressed that there were a number of statements contained in the Draft MSR that were not accurate or were outdated and asked that the hearing be continued in order for the City to provide LAFCo with proposed revisions, clarifications, and amendments to the Draft MSR that accurately reflects the City's ability to serve the community.

#### Background

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

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

SOI updates may involve an affirmation of the existing SOI boundaries or recommend modifications to the SOI boundaries. LAFCo is not required to initiate changes to an SOI based on determinations and recommendations of the service review, although it does have the power to do so.

State law requires that the Commission adopt written MSR determinations for each of the following seven criteria:

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 four 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.





**BRUCE RUDD**  
City Manager

August 19, 2015

Mr. David Fey, Executive Director  
Fresno Local Agency Formation Commission  
2607 Fresno St  
Fresno, CA 93721



RE: Draft Municipal Service Review

Dear Mr. Fey,

I am in receipt of the notice advising the City of Fresno of a hearing in which the Fresno Local Agency Formation Commission (LAFCo) will consider information, recommendations, and amendments to the Draft Municipal Service Review (MSR) of the City of Fresno. As noted, the information contained in the MSR can be used by the Commission to determine whether the current Sphere of Influence is sufficient or whether revisions to the Sphere are warranted.

Pursuant to our discussions on August 6, 2015, the Draft MSR represents a significant departure from MSRs previously conducted by the Commission for any city within Fresno County. While the level of assessment and analysis may be warranted, it is important that the information that is ultimately provided to the Commission is both timely and accurate.

Unfortunately, this does not appear to be the case. For example, there are a number of statements contained in the Draft MSR related to the City's financial condition and/or operations that are either inaccurate or so outdated that they are no longer relevant. Furthermore, the Draft MSR contains recommendations that include topics such as the annexations of county islands, dissolution of special districts, etc., yet no analysis was conducted to examine the operational impacts and/or financial implications associated with any of these recommendations.

Therefore, the City of Fresno is formally requesting that the Commission table the September 9, 2015, hearing of the Draft City of Fresno MSR until its November meeting so that we can provide LAFCo with proposed revisions, clarifications, and amendments to the Draft MSR that accurately reflects our ability to adequately serve our community.

Please feel free to contact me at (559) 621-7780 or at [bruce.rudd@fresno.gov](mailto:bruce.rudd@fresno.gov) if you have any questions or need further information related to this matter.

Sincerely,

Bruce Rudd  
City Manager

Cc: Ashley Swearengen, Mayor  
Fresno City Councilmembers  
Renena Smith, Assistant City Manager  
Jennifer Clark, Director of Development and Resource Management

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