

DRAFT

**COUNTY SERVICE AREA NO. 7 & 7D
(SAN JOAQUIN SUBURBAN ESTATES /
CLINTON & MARTY AVENUES)**

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

Report to the
Fresno Local Agency Formation Commission

MSR-19-03 / SOI-196

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21-day Public Review: October 23, 2019 – November 12, 2019

CSA No. 7 (SAN JOAQUIN SUBURBAN ESTATES) & CSA No. 7D (CLINTON & MARTY AVENUES)

Street lighting; street maintenance and landscaping service based on zone of benefit

Contact Information

Manager: Amina Flores-Becker, Division Manager
Special District Administration
Address: County of Fresno Public Works and Planning
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Management Information

District Formation: 1963: CSA 7; 1994: CSA 7D

Principal Act: County Service Area Law, Government Code section 25210-25217.4

Special District Powers: Prescribed in Government Code section 25212-25212.4
LAFCo

Authorized Services:¹ Street lighting, road and landscaping maintenance, levy and collect tax assessments, and services necessary to maintain its public facilities

Governing Body: Fresno County Board of Supervisors

Board Members:

Nathan Magsig, Chairman	Elected 2017	Expires 2021
Buddy Mendes, Vice Chairman	Re-elected 2019	Expires 2023
Brian Pacheco	Re-elected 2019	Expires 2023
Sal Quintero	Re-elected 2017	Expires 2021
Steve Brandau	Elected 2019	Expires 2021

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

Staffing: Special Districts Administration provides administration and accounting services for CSA 7 & 7D

	CSA 7	CSA 7D
Population Served	154 residential parcels	26 residential parcels
Acres Served	69 acres	6.48 acres
Infrastructure	49 streetlights	7 streetlights, 0.3 miles of road maintenance, and 400 feet of landscape maintenance.
Budgets	\$13,394	\$7,484
Rate Structure	\$90.48 per year	\$276.30 per year
Source of funding	Property taxes and special assessment	

Administrative Policies

Master Plan: No **Policies/Procedures:** Yes **By-laws:** No **SOI Updated:** 2011

¹ Pursuant to GC sec. 56425(i).

Figure 1 - District Service Area Map

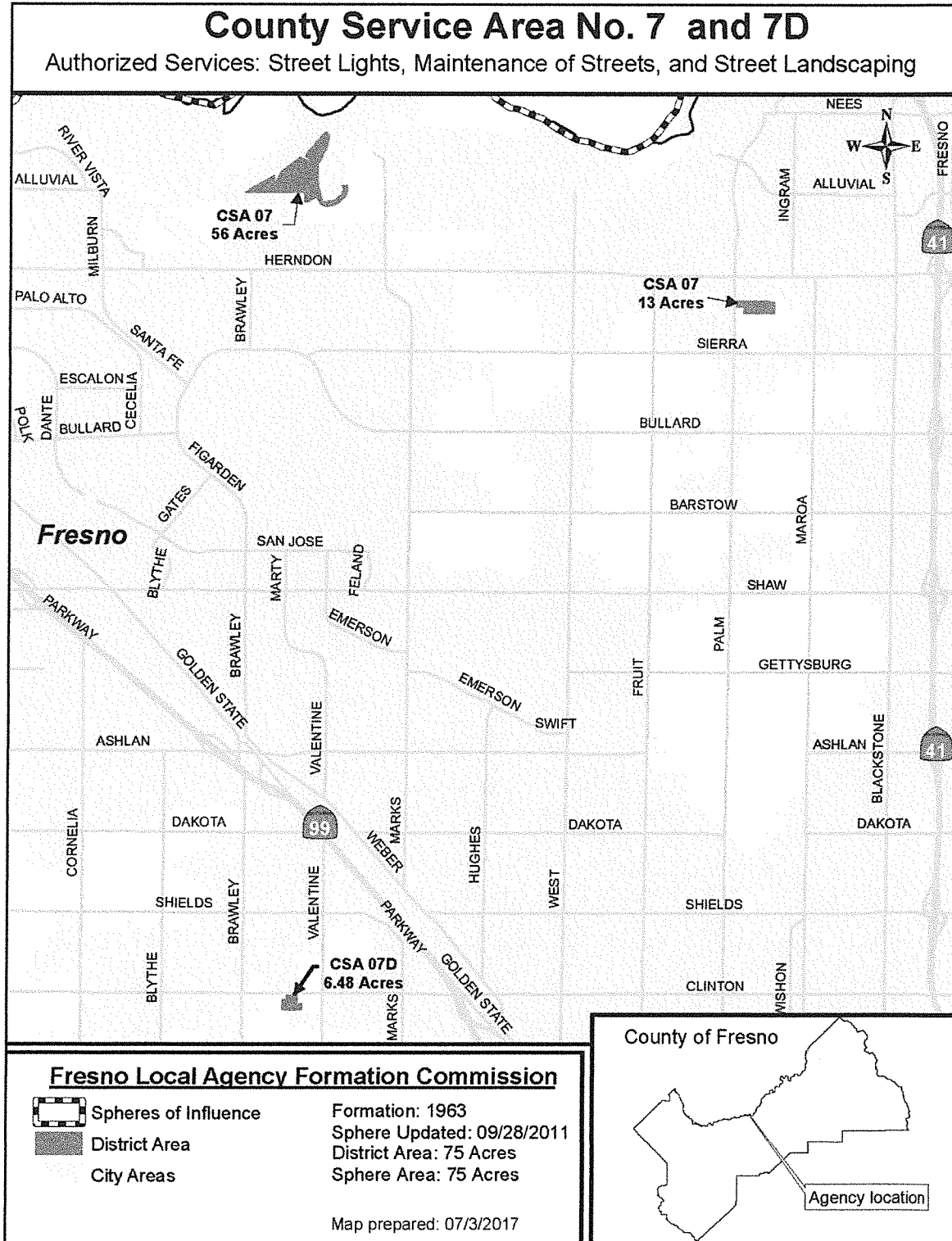


Figure 2 – CSA No. 7 (San Joaquin Suburban Estates) Authorized to provide streetlighting

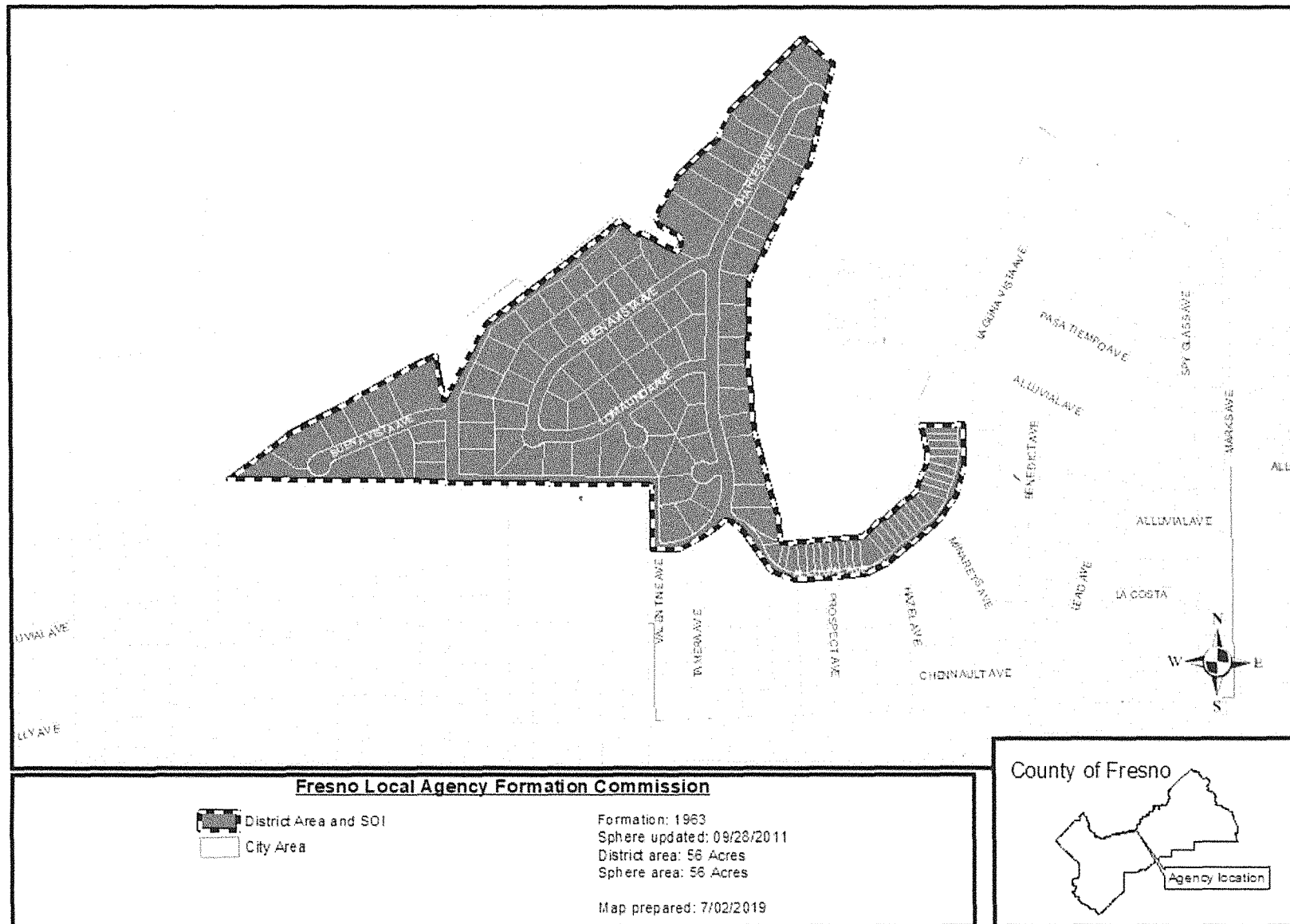
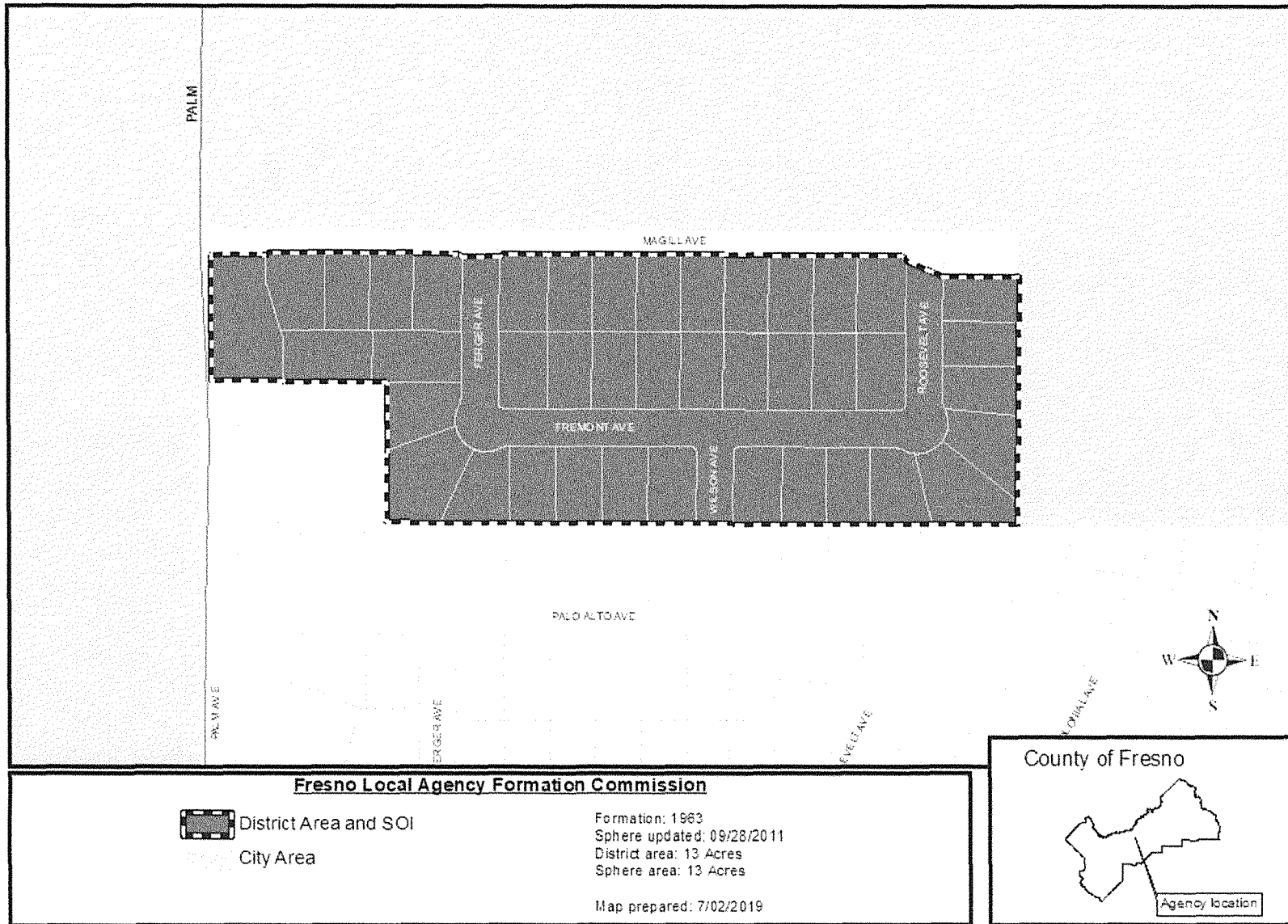


Figure 3 – CSA No. 7 (Rosewood Homes) Authorized to provide streetlighting



Date: 7/02/2019

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Figure 4 - CSA 7D (Clinton & Marty Avenues)
Authorized to provide streetlighting, road maintenance, and street landscaping

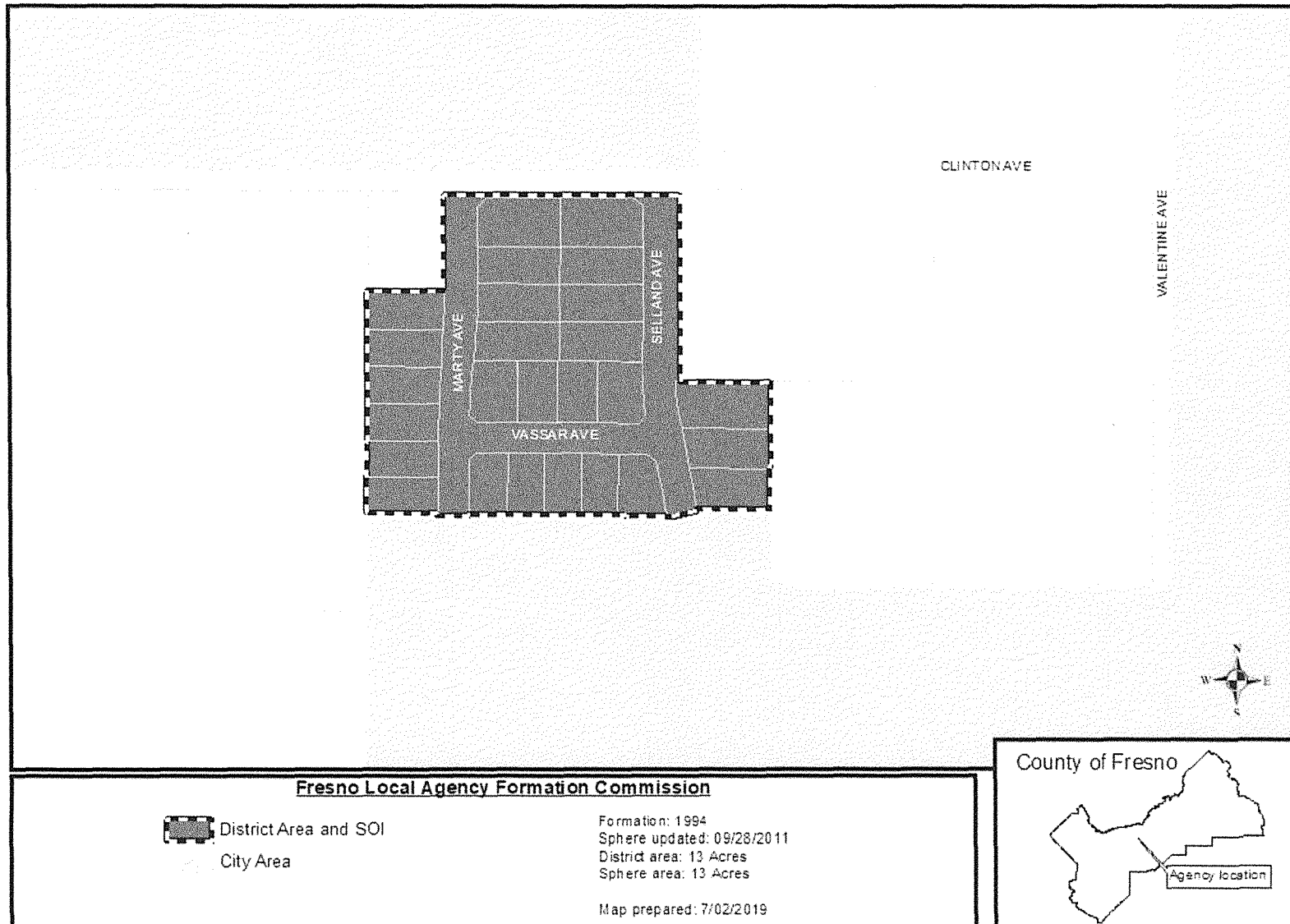
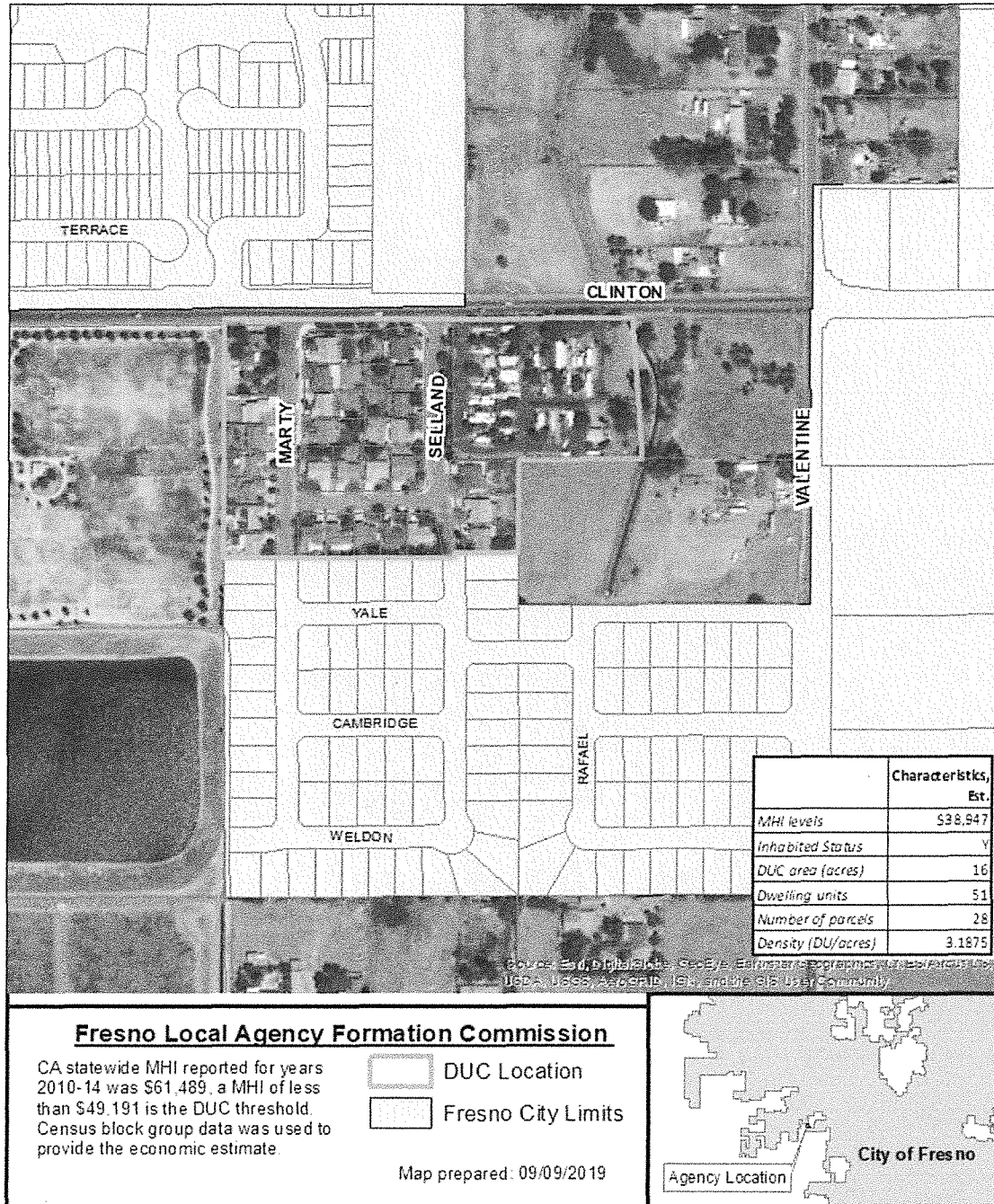


Figure 5 – DUC Map

CSA No. 7D (Hines-Avakian Annexation)

DUC Map: Thomasville Estates IV, Tract No. 4503
Disadvantaged Unincorporated Communities - U.S. Census ACS 5-year reports 2010-14



1. MUNICIPAL SERVICE REVIEW

PRINCIPAL ACT

County Service Area No. 7 (San Joaquin Suburban Estates and Rosewood Homes) and County Service Area No. 7D (Clinton & Marty Avenues, Tract No. 4503)² ("District" or "CSA 7" or "CSA 7D") consists of three noncontiguous zones of benefit that are administered independently and are funded exclusively by landowners within the respective zones of benefit. The CSAs were formed at various times pursuant to County Service Area Law (Government Code (GC) sec. 25210-25217). In general, the CSAs were formed by the County and Fresno LAFCo as a condition of approval for the specific subdivision they serve.

CSA 7 was formed in 1963, while CSA 7D was formed in 1994. Both CSA 7 and 7D were organized to provide public street lighting. In addition to lighting, CSA 7D is also authorized to provide road maintenance and landscaping on a portion of the public right-of-way within its service area.

There are two zones of benefit identified for CSA 7. CSA 7's two service areas and respective spheres of influence (SOI) are coterminous; one zone encompasses 56 acres and the other zone encompasses 13 acres. Likewise, CSA 7D's service area and SOI are coterminous and encompasses 6.48 acres. Combined, the three noncontiguous service areas that make CSA 7 and 7D encompass approximately 75 acres. This municipal service review updates information regarding each zone of benefit within the CSA.

The District is a dependent special district governed by the Fresno County Board of Supervisors ("BOS"). District administration and billing services are managed by the Fresno County Public Works and Planning Department, Resource Division - Special District Administration. The District contracts public street lighting services and maintenance of the light poles with Pacific Gas and Electric ("PG&E").

DISTRICT SERVICE AREAS

This section summarizes service provisions for CSA 7 and CSA 7D as follows:

CSA 7 (San Joaquin Suburban Estates and Rosewood Homes)

CSA 7 consists of two noncontiguous subdivisions located within unincorporated islands in the Fresno SOI.

- The first zone of benefit of CSA 7 encompasses 56 acres, consisting of 113 unincorporated residential parcels, located in Northwest Fresno near the San Joaquin River Bluff at the Valentine Avenue and Laguna Vista Avenue intersection (see Figure 2). This zone of benefit serves the San Joaquin Suburban Estates Tracts No. 1880 & 1955, and the Fairway "7" Townhouses, Tracts No. 2250 & 2308. This zone of benefit is authorized to provide public street lighting along the north side of Alluvial Avenue, and

² Also referenced by LAFCo as "CSA 7D, Hines-Avakian Annexation)" LAFCo file No. AD-93-3.

within the full rights-of-way along Buena Vista Avenue, Charles Avenue, and Laguna Vista Avenue. There are approximately 38 public streetlights within this portion of CSA 7. The County's approval of this subdivision included the creation of a private homeowners association known as the San Joaquin Country Club Estates Owners Association.

- The second zone of benefit of CSA 7 encompasses 13 acres, consisting of 41 unincorporated residential parcels located south of Magill Avenue, east of Palm Avenue, north of Palo Alto Avenue, and west of Colonial Avenue (see Figure 3). This zone of benefit serves the subdivision known as Rosewood Homes 1 and 2, Tracts No. 2598 and 2769. This zone of benefit is authorized to provide public street lighting along the south side of Magill Avenue, Ferger Avenue, Fremont Avenue, and Roosevelt Avenue. There are 11 public streetlights within this zone of benefit of CSA 7.

CSA 7 provides public street lighting through contract with PG&E. Previous LAFCo MSRs noted that CSA 7 is also authorized to provide landscaping services and maintenance of roadways, which are not provided through CSA 7 services. LAFCo's 2011 MSR noted that maintenance of the streets storm drainage facilities has been assumed by Fresno Metropolitan Flood Control District. Page 16 of this MSR provides additional analysis that updates LAFCo's description of CSA 7.

CSA 7D (Clinton & Marty Avenues, Tract No. 4503)³

CSA 7D was formed in 1994 to provide maintenance of the roadways, street lighting, and to provide landscape maintenance services. CSA 7D's zone of benefit includes 26 residential parcels, located south and east of Clinton Avenue and Marty Avenue intersection. CSA 7D's service area and SOI are coterminous and encompass approximately 6.48 acres. This zone of benefit is located within the Fresno SOI. Additionally, CSA 7D's southern boundary is contiguous with the Fresno city limits, while Clinton Avenue's centerline demarcates Fresno's city limit from the north side of the District's service area.

The CSA 7D maintains the landscaped area along the south side of Clinton Avenue between Marty Avenue and Selland Avenue within the District's service area, approximately 18 feet from the face of the curb to the wooden fence facing Clinton Avenue. Road maintenance is provided along North Marty Avenue (0.10 miles), West Vassar Avenue (0.06 miles), Clinton Avenue (0.04 miles), and Selland Avenue (0.10 miles). Street lighting is provided through contact with PG&E. There are eight public streetlights located within the CSA 7D.

³ CSA 7D once included the Fancher Creek Estates, a former zone of benefit encompassing 10 acres and approximately 26 residential parcels north of Tulare Avenue and east and west of Argyle Avenue was annexed to the City of Fresno in 2011 this zone of benefit of CSA 7D was annexed into the City of Fresno through the Belmont-Sunnyside No. 3 (LAFCo file number RO-8-14). The funds on hand that were attributable to the portion of CSA 7D that was annexed to the City of Fresno was disbursed to the City of Fresno and all funds were transferred to the City to be used to benefit this portion of CSA 7D.

AUTHORIZED DISTRICT SERVICES

Pursuant to GC sec. 56425(i), "when adopting, amending, or updating a sphere of influence for a special district, the commission shall establish the nature, location, and extent of any functions or classes of services provided by existing districts." Under the District's principal act, a County Service Area could provide up to 26 different types of governmental services within its boundaries.⁴

All three zones of benefit receive public street lighting services. In addition, only CSA 7D provides road maintenance and street landscaping services within its zone of benefit. The District is entitled to levy and collect tax assessments, perform agreements, enter into contracts, and provide all necessary governmental services to maintain its public facilities.

All other services, facilities, functions or powers enumerated in the District's principal act but are not being exercised are "latent" under GC sec. 56050.5. Activation of these latent powers and services not currently provided by the District will require LAFCo authorization as indicated in GC sec. 25213.5.^{5,6}

DISTRICT GROWTH AND POPULATION PROJECTIONS

LAFCo staff reviewed recent aerial photographs and performed site visits of the three zones of benefit to confirm the state of land uses within each zone and their immediate vicinity. Because all three service areas are within the unincorporated urbanized area of the Fresno SOI, the County of Fresno has land use authority for these territories. The County General Plan Land Use Element designates land within CSA 7 and 7D for single family residential uses at densities comparable to the City of Fresno's General Plan land use designations. CSA 7 lies within Fresno County's Bullard Community Plan and CSA 7D lies within Fresno County's Fresno High-Roeding Community Plan. No additional growth is anticipated for any of the three zones of benefit. LAFCo does not expect any boundary growth to occur as it relates to expansion of service area, additional population, or activation of a latent power.

A change of organization is more likely to come from a District detachment, merger, or dissolution if one or all of its zones of benefit were to be annexed to the City of Fresno. In that event, the City would assume responsibility for the operation of the streetlights, landscaping, and road maintenance within the affected territory.

DISADVANTAGED UNINCORPORATED COMMUNITIES

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

⁴ GC sec. 25213-25213.6.

⁵ GC sec. 56050.5 "Latent Service or Power."

⁶ GC sec. 25213.5 (a) "Services and Facilities."

For any updates to a SOI of a local agency (city or special district) that provides public facilities or services related to sewer, municipal and industrial water, or structural fire protection, the Commission shall consider and prepare written determinations regarding the present and planned capacity of public facilities and adequacy of public services, and infrastructure needs or deficiencies for any DUCs within or contiguous to the SOI of a city or special district.⁷

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

Geographic Information System (“GIS”) files were derived from the US Census Bureau's American Community Survey (“ACS”) compiled for the five-year period of 2010 through 2014 to identify the demographic composition for the various census geographies. Although the ACS provides annual and three-year estimates, the five-year reports provide more precise data and mapping information for analyzing small populations. The five-year reports are the most reliable form of information generated by the US Census.⁸ The statewide MHI reported for years 2010 through 2014 was \$61,489. The calculated threshold for a DUC is any geographic unit with a reported MHI that is less than \$49,191.⁹

The 2016 MSR on the City of Fresno identified the neighborhood near CSA 7D as a DUC community, and designated this location as “DUC Area Number 3” of the Fresno MSR. The following description updates LAFCo’s previous 2016 DUC description.

According to the US Census ACS, CSA 7D is located within US census tract 38.07-block group 1. During 2010 through 2014, this census unit had a reported average annual median household income of \$38,947.¹⁰

The DUC location is bounded by Clinton Avenue to the north, Marty Avenue to the west, Valentine Avenue to the east, and Yale Avenue to the south. This DUC encompasses approximately 16 acres, and the community is known as the “Thomasville Estates IV, Tract No. 4503,” see Figure 4 – DUC Map.

There are 28 unincorporated parcels within the DUC. Of which 26 parcels are identified in the Fresno County’s R-1 single family residential zone district (26 dwelling units), one parcel is within the Rural Residential zone district (two dwelling units), and one parcel is identified in the TP - Trailer Park Residential zone district (Westbrook Mobile Home Park, 23 mobile home lots). Based on the total number of dwelling units (51), and the estimate acreage that the DUC encompasses (16 acres), this community exceeds the minimum requirement of 15 dwelling units at a density not less than one unit per acre.

⁷ GC sec. 56425 (e)(5).

⁸ US Census Bureau, Guidance for Data Users American Community Survey.

⁹ Department of Water Resources- Disadvantaged Communities.

¹⁰ Fresno County, MHI data Fresno County Census Tract 38.07, Block Group 1.

This community receives potable water and sewer service from City of Fresno, while structural fire protection is provided by North Central Fire Protection. CSA 7D's services are limited to street lighting, road maintenance, and street landscape. For the purpose of this MSR, LAFCo presumes that this DUC is inhabited in the absence of a complete application filed with Fresno LAFCo.

DISTRICT INFRASTRUCTURE

The District's infrastructure consists of leased public street lights that are powered and maintained through a contract with PG&E.

On April 25, 2019, LAFCo staff surveyed the CSA's three zones of benefit to assess infrastructure conditions. The following information summarized staff's observations.

CSA 7 (San Joaquin Suburban Estates) consists of approximately 38 streetlights within the zone of benefit. Street lights are located along Buena Vista, Loma Linda, North Charles, and West Alluvial Avenues and along Ferger, Fremont, Wilson, and Roosevelt Avenues. Street light fixtures within this zone of benefit are fixed on steel poles, approximately 20 feet above ground level, and powered by overhead utility lines.

CSA 7 (Rosewood Homes) contains approximately 11 public streetlights along the south side of Magill Avenue, Ferger Avenue, Fremont Avenue, and Roosevelt Avenue. Street light fixtures within the District are identical to City of Fresno's streetlights and are powered by underground utility lines.

CSA 7D (Clinton and Marty Avenues) contains eight streetlights along the portions of Marty, Selland, and Vassar Avenues. Street light fixtures within the District are identical to City of Fresno's streetlights, and are powered by underground utility lines. This zone of benefit contracts landscape maintenance services with a local contractor to prune and maintain the shrubs at least twice per year located along the south side of Clinton Avenue between Selland and Marty Avenues. Road maintenance is provided along North Marty Avenue (0.10 miles), West Vassar Avenue (0.06 miles), Clinton Avenue (0.04 miles), and Selland Avenue (0.10 miles), and in FY 2018-19, Fresno County staff inspected the roads and were found to be in good condition.¹¹

DISTRICT FINANCES

This section of the MSR includes financial information provided by Special Districts Administration to determine if the District has sufficient revenue and financial systems to continue providing service to its customers. The analysis in this section is based on annual budgets, most recent audited financial statements, and supportive documents available through the County Department of Public Work and Planning Resource Division, Special District Administration.

Special District Administration prepares an annual budget for the District's operation, and the BOS adopts an annual budget for the District's operation on or before July 1st of each year. The

¹¹ Fresno County, Special Districts Administration via electronic Communication. August 9, 2019.

District's budget identifies anticipated revenues and expenditures using detailed line items for the upcoming year. Once a budget is adopted by the BOS, it can only be amended by action of the BOS. All budget appropriations lapse at the end of the fiscal year.

The primary source of financing for the two zones of benefit that comprise CSA 7 is annual property tax assessments charged on 154 parcels within CSA 7. The special assessment fee is \$90.48 per year and annually generates approximately \$13,933 to fund the CSA 7's public lighting operation. Vacant parcels within CSA 7, which are few, are not charged the special tax assessment. The BOS adopts an annual budget for the District which projects operational and maintenance costs on an annual basis for services. For fiscal year (FY) 2018-19, the budget for CSA 7 was \$13,934. Expenditures for equipment maintenance, utilities, and professional and specialized services are balanced by anticipated revenues, and its reserves account. The District does not have any outstanding loans or debts.

CSA 7 shows an estimated \$196,851 in its reserve account held in its Fresno County Treasury account,¹² approximately 14 times its average annual operational cost. Additionally, Special Districts Administration has the statutory authority to use funds in the reserves to fund improvement projects or to cover any unexpected district expenditures. As of November 10, 2009, County policy established a desired fund reserve target of 50 percent of the zone's annual operation and maintenance cost, plus a \$2,000 reserve for dissolution cost, and necessary funding for removal/replacement of each pole located within the CSAs that provide public street lighting. Special Districts Administration informed LAFCo that sufficient reserves have been secured to begin the initial work to fund the replacement and upgrading of light poles located within the zones of benefit of CSA 7. Special District Administration expects to identify project logistics and potential costs to replace existing infrastructure prior to allocating funds for the project through the annual budget process.

CSAs that provide landscape maintenance services are expected to build a reserve amount target of 50 percent of the annual three-year average for its operation/maintenance and administration expenditures (excluding extraordinary infrastructure or fixed asset projects) and/or approximately \$3,000 for dissolution costs, whichever is greater.

Special Districts Administration informed LAFCo that there is no current fund reserve policy in place for CSAs that provide road maintenance services. Namely because road maintenance CSAs already set aside necessary funding for future improvement projects. According to the Special District Administration, road maintenance CSAs require approximately ten years to collect funding for moderate road improvement projects, and up to 16 years to collect sufficient funding for major road work improvements.

For FY 2018-19, CSA 7's revenues amount to \$13,934, while total expenditures amount to \$13,508. The following line items summarize CSA 7's budget:

- Revenues:
 - \$13,934 Special Assessment, annual property tax revenue
 - \$3,400 Homeowners property tax
 - \$2,000 Interest

¹² CSA No 7- San Joaquin Suburban Estates method of financing 2018-19 FY.

- Expenditures:
 - \$100 for Maintenance/equipment
 - \$1,800 Maintenance/building and ground
 - \$650 People Soft Financial Charges
 - \$2,208 Professional and Specialized Services
 - \$8,750 Utilities
- CSA 7 Reserves:
 - \$195,851

Likewise, CSA 7D's primary source of revenue is annual special assessment in which is collected from 26 parcels located within the CSA 7D. The BOS adopts a separate budget for this zone of benefit that identifies revenues and expected operational expenditures.

For FY 2018-2019, CSA 7D's budget amounted to \$7,484. Expenditures for equipment maintenance, utilities, and professional and specialized services are estimated at \$7,060, while anticipated tax base revenues are expected to amount to \$7,484. The CSA 7D's special assessment fee is \$276.30 per year and is charged to all 26 parcels within the zone of benefit.

For FY 2018-2019, CSA 7D's budget was balanced, meaning that revenues are expected to fund expenditures. This zone of benefit shows an estimated \$25,687 in its reserves account held in its Fresno County Treasury account.¹³ This zone of benefit does not have any outstanding loans or debts. Special Districts Administration has the ability to use funds in the District's reserve account to cover unexpected District expenditures during the year.

The following line items summarize CSA 7D's budget for FY 2018-19:

- Revenues:
 - \$7,183 Special Assessment, annual property tax revenue
 - \$300 Interest
- Expenditure:
 - \$100 for Maintenance/equipment
 - \$3,060 Maintenance/building and ground
 - \$1,400 People Soft Financial Charges
 - \$1,820 Professional and Specialized Services
 - \$680 Utilities
- CSA 7D's Reserves:
 - \$25,687

During the development of this service review, Special District Administration provided LAFCo a copy of its most recent audited financial statement for FY ending on June 30, 2018. According to the District's audited financial statements, the District manages its finances in one major governmental fund which accounts for the District's operating fund and accounts for all the District's resources for both CSA 7 and 7D, combined.

¹³ CSA No.7D- Clinton & Marty Avenues Tract No. 4503 method of financing 2018-2019 FY.

As assessed by the Auditor, the District's statements of revenues, expenditures, and changes in fund balance were identified as follows during year ended on June 30, 2018:

- Revenues:
 - Property taxes: \$6,842
 - Service-Type property assessments: \$21,089
 - Investment earnings: \$469
 - Aid from other governmental agencies: \$64
 - Total Revenue: \$28,464**
- Expenditures:
 - Public ways and facilities maintenance, building and grounds: \$2,623
 - Office expense: \$11
 - Professional services: \$3,371
 - PeopleSoft Financial charges: \$2,166
 - Utilities: \$9,187
 - Total Expenditures: \$17,358**
- Fund balance, beginning of year July 1, 2017: \$207,149
- Fund balance, end of year June 30, 2018: \$218,255
- Net change in fund balance: \$11,106

Special District Administration follows the County's financial accounting end-of-year closing procedures to close each fiscal year in preparation of each scheduled annual financial audit of the District's finances. According to the most recent audited financial statements, the Auditor made a recommendation to the County to invest in training and cross-training programs for those Special Districts Administration employees with financial reporting responsibilities. Fresno County Special District's Administration agreed with the Auditor's recommendations and has invested resources to train staff members that manage the District's finances.

ISSUE OF NOTE: NO POLICY REGARDING LIMIT ON OR USE OF ACCUMULATED RESERVES

The LAFCo recognizes that Special Districts Administration has the statutory authority to oversee the District's budgets, establish appropriate financial reserves, and make recommendations to improve the District's operation. As noted earlier, CSA 7 showed an estimated \$196,851 in its CSA 7 reserves account for FY 2018-19. The issue of note is that CSA 7's financial reserves amount to 14 times its average annual operational cost.¹⁴ Similarly, CSA 7D showed an estimated \$25,687 in its CSA 7D reserves account for FY 2018-19. CSA 7D's financial reserve amounts to three times its average annual operational cost.¹⁵

Special District Administration informed LAFCo that there are no policies specific to managing reserves for CSAs that provide public street lighting services. However, the County has applied a similar reserves structure that is used for CSA's that provide road maintenance services.

¹⁴ FY 18-19 CSA 7 Budget of \$13,934.

¹⁵ FY 18-19 CSA 7D Budget of \$7,484.

As such, it is prudent that Special Districts Administration assess whether sufficient reserves have been secured to commence its assessment to repair or replace the public lights within CSA 7. Furthermore, LAFCo encourages Special Districts Administration to solicit community input prior to commissioning a major capital improvement project. Special Districts Administration Management should consider development of a “financial reserves plan” that supports the collection and use of reserve funds.

PUBLIC FACILITIES, OPPORTUNITIES FOR SHARED FACILITIES

Opportunities for shared facilities are limited to the District’s street lights within the District’s three noncontiguous boundaries. A future annexation of any of the zones of benefit would present a future opportunity to transfer the responsibilities of the District, including its PG&E lease agreement for its street lights to the City of Fresno. LAFCo expects that PG&E would continue to provide ongoing maintenance of the street lights within the District’s boundaries. No additional opportunities for shared facilities have been identified by LAFCo.

The District’s three zones of benefit overlap several agencies, including but not limited to the following special districts:

- Kings River Conservation District
- Pinedale Public Utility District
- Pinedale County Water District
- North Central Fire Protection District
- Fresno Metropolitan Flood Control District
- Fresno Irrigation District
- Fresno Mosquito and Vector District
- Consolidated Mosquito Abatement District

GOVERNMENT ACCOUNTABILITY

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

The District is a dependent special district that is regulated by County Service Area Law (GC sec. 25210 *et seq.*) Fresno County Special District Administration manages all financial transactions for CSA 7 and 7D. The District, CSA 7 and 7D, are authorized to provide public street lighting. While CSA 7D is also authorized to provide landscape and road maintenance services for residents within this zone of benefit. The Fresno BOS sits as the District’s governing body.

Under GC sec. 25212.4, the BOS may appoint one or more advisory committees to provide advice to the Board regarding the District’s services. At the time this MSR was prepared, the District did not have an appointed Citizens Advisory Committee (CAC).

The BOS creates policies by adopting resolutions through duly-noticed public hearings. The BOS meets on every scheduled Tuesday, or on dates which have been approved at regular scheduled board meetings with the exception of holidays and or planned recesses.

The BOS meetings are held at the Fresno County Hall of Records located at 2281 Tulare Street, Room 301 Fresno, CA 93721. The BOS hosts morning sessions beginning at 9:00 a.m. and/or the afternoon sessions at 2:00 p.m. on Tuesdays. Meeting agendas are posted on the east entrance doors on the first floor in the Hall of Records building and on the Fresno County website at least 72 hours prior to the Board of Supervisors' meeting.

BOS meetings are open to the public and the residents are invited to attend. In addition, the BOS meetings are broadcasted live through the Fresno County's live streaming feed service through the Fresno County's official website. An opportunity to address the BOS on items not on the agenda is provided on each meeting agenda. If a public member desires to present to the BOS, the person is encouraged to contact Special District Administration or the Clerk to the Board in advance. Meetings are noticed consistent with Brown Act requirements, which include postings in public places.

ANY OTHER MATTER RELATED TO EFFECTIVE OR EFFICIENT SERVICE DELIVERY

During the development of the MSR, LAFCo made three observations regarding the District's service area and provisions of service. The three items are: 1) CSA 7 & 7D growth is landlocked; 2) CSA 7 & 7D does not provide storm drainage services; and 3) CSA 7 (San Joaquin Suburban Estates) lends itself for a potential reorganization.

CSA 7 & 7D are Landlocked

The LAFCo's 2007 and 2011 MSRs for CSA 7 determined that there is no opportunity for growth of the District's three zones of benefit because Fresno's city limits border nearly all sides of each zone of benefit. Future development in or around the District's service area is designated to the City of Fresno. Both MSRs made recommendations to affirm the SOIs for CSA 7 & 7D.

In 2007, the Commission made the following recommendation for CSA 7 & 7D:¹⁶

The Commission encourages the County and City of Fresno to participate in a joint investigation of the best mechanism for providing existing necessary services to CSA 7. Such investigation should include various considerations of various management options for the CSA, including, but not limited to, management by the City of Fresno or a consortium of public agencies through contractual agreements entered into and approved by the County, City, and if applicable, other affected agencies.

There is no evidence that either agency followed through on this recommendation.

Storm Drainage Services

LAFCo's 2007 MSR for CSA 7 noted that at some point CSA 7 zones of benefit San Joaquin Suburban Estate and Rosewood Homes provided maintenance of the storm drainage facilities within CSA 7. In addition, Fresno County Special District Administration's budget for FY 2018-19 notes that responsibility for the maintenance of the storm drainage system has been assumed by the Fresno Metropolitan Flood Control District. LAFCo has no record authorizing CSA 7 to

¹⁶ Municipal Service Review and Sphere of Influence Update for CSA No. 7. LAFCo Resolution MSR-07-41A.

exercise storm drainage services. As a result, it appears that the 2007 MSR for CSA 7 erroneously reported that storm drainage was an authorized service, which does not appear to be the case.

CSA 7 (San Joaquin Suburban Estates)

LAFCo recently approved the SOI update for the Pinedale Public Utility District (“Pinedale PUD”) on February 13, 2019. Among several revisions to the SOI, the Commission also added the San Joaquin County Club (“SJCC”) community to the 2019 updated Pinedale PUD SOI to allow for the eventual annexation of this area into the Pinedale PUD’s service area.

According to the LAFCo MSR prepared for Pinedale PUD, sewer conveyance is the District’s primary service while limited public street lighting, street sweeping, and landscape maintenance services are provided only within the portion of the District that remain unincorporated.

Currently, Pinedale PUD provides sewer service to the portion of the SJCC community that is bounded by North Marks Avenue, North Laguna Vista Avenue, North Valentine, and West Chennault Avenue. Properties within CSA 7 are equipped with their own private septic tank systems and are not connected to either the City or the Pinedale PUD’s sewer lines. If a future need for sewer service were to arise within CSA 7, the MSR notes that Pinedale PUD’s sewer lines are the closest in proximity to serve CSA 7.

As it relates to public street lighting, LAFCo notes that in theory a future application to annex the SJCC community to Pinedale PUD may duplicate public street lighting services within CSA 7. In order to eliminate a possible service redundancy, an opportunity to reorganize CSA 7 should be considered by the County, Pinedale PUD, and LAFCo at such time that Pinedale PUD files an application to LAFCo to annex the SJCC community into the district.

2. MSR DETERMINATIONS

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

1. GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA

- There are three noncontiguous zones of benefit identified for CSA 7 and CSA 7D. Combined, the three noncontiguous service areas that make CSA 7 and 7D encompass 75 acres. Each zone of benefit has a service area and a sphere of influence (SOI) that are coterminous, respectively.
- The County of Fresno is the land use authority for territory within the CSAs service areas. The Fresno County General Plan Land Use Element designates land within CSA 7 and 7D for single family residential uses at densities comparable to the City of Fresno's General Plan land use designations.
- Both Fresno County and City of Fresno planning policy documents anticipate minimal population growth to occur within the District's boundaries. No additional growth is anticipated for any of the three zones of benefit.
- LAFCo does not expect any boundary growth to occur as it relates to expansion of service area, additional population, or activation of a latent power.

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

- CSA 7D is located within a US census geographic unit whose MHI threshold between 2010 through 2014 meets the definition of a Disadvantaged Unincorporated Community. CSA 7D is located within US census tract 38.07-block group 1. During 2010 through 2014, this census unit had a reported average annual median household income of \$38,947.
- This DUC encompasses approximately 16 acres, and the community is known as the "Thomasville Estates IV, Tract No. 4503." There are 28 unincorporated parcels within the DUC. Of which 26 parcels are identified in the Fresno County's R-1 single family residential zone district (26 dwelling units), one parcel is within the Rural Residential zone district (two dwelling units), and one parcel is identified in the TP - Trailer Park Residential zone district (Westbrook Mobile Home Park, 23 Mobile home lots).
- CSA 7D does not own public facilities and does not provide services related to sewer, municipal and industrial water, or structural fire protection.

- The Thomasville Estates IV, Tract No. 4503 community receives potable water and sewer service from City of Fresno, while structural fire protection is provided by North Central Fire Protection.

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

- CSA 7 (San Joaquin Suburban Estates) consists of approximately 38 streetlights within the zone of benefit. CSA 7 (Rosewood Homes) contains approximately 11 public streetlights. CSA 7D (Clinton and Marty Avenues) contains eight streetlights. CSA 7D also provides maintenance of the roadways and landscape maintenance services along the southside of Clinton Avenue between Marty Avenue and Selland Avenue.
- Street light fixtures within the CSA 7 (Rosewood Homes) and CSA 7D are identical to City of Fresno's streetlights, and are powered by underground utility lines.
- Special Districts Administration informed LAFCo that a portion of CSA 7's reserves will be used to fund the replacement and upgrading of several light poles within CSA 7.
- The District's leased public street lights that are powered and routinely maintained through a contract with PG&E. County Special Districts Administration informed LAFCo that the District's street lights and supporting infrastructure meet the needs of its District rate payers.

4. FINANCIAL ABILITY OF AGENCY TO PROVIDE SERVICES

- The Fresno County Board of Supervisors adopts an annual budget for CSA 7 and CSA 7D which projects operational and maintenance costs on an annual basis for services. The County of Fresno's Special District Administration manages the District's overall finances, and fulfillment of the District's annual financial reporting requirements to local and state agencies.
- The District's primary source of funding is an annual special tax assessment levied on each developed parcel within each of the District's zone of benefit.
- CSA 7 levies an annual property tax assessment on 154 parcels located within CSA 7. The special assessment fee is \$90.48 per year and annually generates approximately \$13,933 to fund the CSA 7's public lighting operation. For fiscal year 2018-19, the budget for CSA 7 was \$13,934.
- CSA 7 shows an estimated \$196,851 in its reserve account held in its Fresno County Treasury account, approximately 14 times its average annual operational cost.
- CSA 7D levies an annual property tax assessment on 26 parcels located within the CSA 7D. The BOS adopts a separate budget for this zone of benefit that identifies revenues and expected operational expenditures. The CSA 7D's special assessment fee is \$276.30 per year and is charged to all 26 parcels within the zone of benefit.

- For fiscal year 2018-2019, CSA 7D's budget amounted to \$7,484. CSA 7D shows an estimated \$25,687 in its reserves account held in its Fresno County Treasury account.
- For CSAs that provide landscape maintenance services are expected to build a reserve amount target of 50 percent of the annual three-year average for its operation/maintenance and administration expenditures and/or approximately \$3,000 for dissolution costs, whichever is greater.
- Special District Administration follows the County's financial accounting end-of-year closing procedures to close each fiscal year in preparation of each scheduled annual financial audit of the District's finances.
- Based on financial information provided to LAFCo, and communication with Special District Administration, it appears that the District's finances are adequately managed to support the District's ongoing operations.

5. STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES

- The Fresno County Resource division provides administration support to 22 CSAs in Fresno County.
- The District leases its infrastructure from PG&E; it does not own any lighting infrastructure. At the time this report was prepared, the Special District Administration informed LAFCo that PG&E carries out any maintenance services associated with public street lights within CSA 7 and 7D.

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

- The District is a dependent special district, which means that the Fresno County Board of Supervisors (BOS) sits as the District's governing body.
- The BOS meets on every scheduled Tuesday, or on dates which have been approved at regular scheduled board meetings with the exception of holidays and or planned recesses. Board meeting agendas are posted on the east entrance doors on first floor in the Hall of Records building and on the Fresno County website at least 72 hours prior to the Board of Supervisors meeting.
- Board meetings are open to the public and residents are invited to attend. Opportunity to address the board of supervisors on items not on the agenda is provided on each meeting agenda. Meetings are noticed consistent with Brown Act requirements, which include postings in public places.
- At the time preparing this MSR, the District's government structure appears to be adequately structured, operates, and fulfills its role as a services provider within the Fresno area.

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

- In 2007, the Commission encouraged the County and City of Fresno to participate in a joint investigation of the best mechanism for providing existing necessary services to CSA 7 and CSA 7D. As of the preparation of this MSR, there is no evidence that either agency followed through on this recommendation.
- LAFCo's 2007 MSR for CSA 7 noted that at some point CSA 7 zones of benefit San Joaquin Suburban Estate and Rosewood Homes provided maintenance of the storm drainage facilities within CSA 7. LAFCo has no record authorizing CSA 7 to exercise storm drainage services. As a result, it appears that the 2007 MSR for CSA 7 erroneously reported that storm drainage was an authorized service, which is not the case.
- LAFCo notes that in theory a future application to annex the SJCC community to Pinedale PUD may duplicate public street lighting services within CSA 7. In order to eliminate a possible service redundancy, an opportunity to reorganize CSA 7 should be considered by the County, Pinedale PUD, and LAFCo at such time that Pinedale PUD files an application to LAFCo to annex the SJCC community into the district.

3. SPHERE OF INFLUENCE UPDATE

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

Chapter one of this MSR provides the foundation for the Commission's SOI determinations. The District reports its sphere and boundaries are correct at this time and no changes are requested, therefore it is recommended that the District SOI be affirmed.

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

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

- Majority of the land within CSA 7 and CSA 7D are considered built out and consist of single-family residential uses. The District consists of three noncontiguous subdivisions located within the unincorporated and urbanized areas of the Fresno SOI.
- CSA 7 lies within Fresno County's Bullard Community Plan and CSA 7D lies within Fresno County's Fresno High-Roeding Community Plan. The County General Plan Land Use Element designates land within CSA 7 and 7D for single family residential uses at densities comparable to the City of Fresno's General Plan land use designations.

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

- The District's infrastructure consists of leased public street lights for each of the three zones of benefit that are powered and maintained through a contract with PG&E.
- The District is not expected to experience additional growth as it relates to expanding service area, activation of a latent power, or increasing housing density. There is no growth anticipated for neither District's zones of benefit.

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

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

4. EXISTENCE OF ANY SOCIAL OR ECONOMIC COMMUNITIES OF INTEREST IN THE AREA IF THE COMMISSION DETERMINES THAT THEY ARE RELEVANT TO THE AGENCY

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

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

- CSA 7D is located within a US census geographic unit whose MHI threshold between 2010 through 2014 meets the definition of a Disadvantaged Unincorporated Community. CSA 7D is located within US census tract 38.07-block group 1. During 2010 through 2014, this census unit had a reported average annual median household income of \$38,947.
- This DUC encompasses approximately 16 acres, and the community is known as the "Thomasville Estates IV, Tract No. 4503." The Thomasville Estates IV, Tract No. 4503 community receives potable water and sewer service from City of Fresno, while structural fire protection is provided by North Central Fire Protection.

4. RECOMMENDATIONS

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

1. Accept public testimony regarding the proposed Municipal Service Review.
2. Approve the recommended Municipal Service Review determinations, together with any changes deemed appropriate.
3. Approve the recommended sphere of influence determinations and affirm the current sphere of influence.
4. Encourage Special Districts Administration to develop a “financial reserve plan” that supports the collection and use of reserve funds.

5. ACKNOWLEDGMENTS

This Municipal Service Review update was prepared by Fresno LAFCo. The County of Fresno Public Works and Planning, Resources Division Special Districts Administration provided substantial information included in this service review. Fresno LAFCo staff extends its appreciation to Fresno County Special District Administration staff, for their assistance in the development of this Municipal Service Review. Responsibility for any errors or omissions rests with those who provided information to support the report.

Available Documentation – documents used for the preparation of this report are available in the LAFCo office. A significant amount of effort has been invested in bringing the District’s Municipal Service Review and sphere of influence update to this point. Documents are available at the Fresno Local Agency Formation Commission office located at:

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

The Draft Municipal Service Review is available on Fresno LAFCo’s website, <http://www.fresnolafco.org/default.asp>

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