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

AGENDA ITEM No. 10

DATE: August 7, 2013

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 Biola Community Service District.**
(Continued from July 17, 2013)

Recommendations:

- A) Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines, find that prior to adopting the written determinations, the Municipal Service Review and Sphere of Influence determination under consideration is Categorically Exempt from the provisions of the California Environmental Quality Act (CEQA) under Section 15306, "Information Collection" and Section 15320, "Changes in Organization of Local Agencies."
- B) Find that the Municipal Service Review and Sphere of Influence Update prepared for the District are complete and satisfactory.
- C) Find that the written determinations within the Municipal Service Review and Sphere of Influence Update satisfy State Law.
- D) Pursuant to Government Code Sections 56425 and 56430 make the required determinations for the Municipal Service Review and District Sphere of Influence, adopt the Municipal Service Review prepared for each District, and update the Sphere of Influence for said District by reaffirming the current boundary.

Description:

The Biola Community Service District encompasses 242 acres and provides street lighting, solid waste, water, sewer, and storm drainage services to the Community of Biola.

Summary / 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.

Municipal Service Reviews provide a comprehensive review of the services provided by a city or district and present recommendations with regard to the condition and adequacy of these services and whether or not 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.

Sphere of Influence 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 findings 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,
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.

Environmental Determination:

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

Furthermore, this MSR qualifies for a general exemption from environmental review based upon CEQA Regulation section 15061(b)(3), which states: "The activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA." Additionally, the SOI update qualifies for the same general exemption from environmental review based upon CEQA Regulation section 15061(b)(3).

There is no possibility that this MSR or SOI update may have a significant effect on the environment because there is no land use changes associated with the document.

BIOLA COMMUNITY SERVICE DISTRICT

MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE

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

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August 2013

1. MUNICIPAL SERVICE REVIEW

Description of District

The Biola Community Service District was formed in 1962 to provide street lighting, water, sewer, storm drainage, and solid waste services for the unincorporated area of Biola. Its boundaries contain about 242 acres and its Sphere of Influence about 255 acres, as shown on the enclosed map.

District Services and Background

According to the District staff, the District has a population of 1,100 people except during harvest season for local agriculture, from August through September, when the population rises to 1,600 people.

There are currently 358 water and wastewater connections in the District providing service to residential and industrial customers.

The District reported that it recently updated the Water Master Plan but that the General Master Plan and District Code need to be updated and it is working on personnel policies and procedures.

It should be noted that the information in this report was obtained after the arrest of the previous general manager and is accurate to the best of staff's knowledge. The District reported that there is a trial pending and that the insurance company is handling the recovery of the equipment that was stolen.

2. MSR DETERMINATIONS

This portion of the report addresses the factors specified in the governing statute for Municipal Service Reviews.

Growth and Population Projections

The District does not foresee expanding its existing boundary due to lack of excess sewer and water capacity.

Location and Characteristics of any Disadvantaged Communities

SB 244 and Fresno LAFCo policies define a "disadvantaged unincorporated community" (DUC) to mean inhabited territory with 12 or more registered voters with an annual median household income that is less than 80 percent of the statewide annual median household income and that includes at least 15 dwelling units at a density not less than one unit per acre.

Any MSR for a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, shall identify any DUCs within and contiguous to the sphere of influence of that city or special district and describe the present and probable needs and deficiencies for the provision of those public facilities and services within such DUC.

There are no disadvantaged unincorporated communities close to the District. With the exception of a few scattered homes, all of the residential development is within the District and receives District services.

In 2009, the most recent year staff was able to get income comparisons for, the median income for a household in Biola was \$35,650, in comparison, the state median household income was \$58,931. In 2009, Biola was about 61 percent of the median household income with about 25.9% of the population was below the poverty level.

Residents receive water service, sewer collection, and solid waste pick up from the District. The residents also benefit from the drainage basins and street lighting the District maintains and the ability to use the community center.

Present and planned capacity

District infrastructure includes two working groundwater wells with a hydro-pneumatic tank, electrical panel boxes, chlorine stations, generators and pumps, a seven-acre wastewater treatment plant and a cement block house which acts as a storage area for supplies and electrical panels. Related wastewater infrastructure includes a generator and five aeration ponds each with an aeration pump.

The treatment plant is permitted by the State of California for a flow of 200,000 gallons per day. Average wet weather flows are between 160,000 – 170,000 gallons per day, and dry weather flows average 80,000 to 90,000 gallons per day.

The District owns a community center, which houses the District office and is available for weekend rentals. Rentals partially offset building maintenance costs.

The District contracted with Sunset Waste Systems to provide solid waste collection and disposal service to the District. Sunset Waste Systems provides two hundred and fifty 90 gallon trash cans, eight 64 gallon trash cans, four three yard bins, three two and a half yard bins and two roll off containers to the residents of the District. Sunset Waste System provides recycling services under its existing contract.

The District also contracts with California Water Services to maintain the water and wastewater systems. The District's older storm water retention basin that is south of the downtown area is maintained by the District. The second and newer basin is part of the Self-Help Enterprises development and is maintained by them although the District is interested in taking over the title and maintenance of it. Street lighting infrastructure in the downtown area is owned and maintained by PG&E the newer infrastructure is owned and maintained by the District with power provided through a contract with PG&E.

The District has had preliminary discussion with the County of Fresno Public Works Department regarding the Self-Help storm basin and the possibility of adding road maintenance to their empowered services.

Financial Ability of Agencies to Provide Services

The District has provided its approved 2013-2014 budget and the auditor's report for June 30, 2012. All information provided by the District was reviewed to determine fiscal status, assess financial practices, and review pertinent management findings.

The FY 2010-11 budget states the total revenue was expected to be \$943,070 with \$370,000 coming from cash and reserves, \$42,000 from taxes and assessments, and \$256,000 from service charges. Major expenditures are expected to be \$274,700 for services and supplies, \$61,710 for salaries and benefits, and \$576,660 for Reserves and Contingency. The total budgeted expense is \$943,070 making the budget balanced.

The District receives a limited amount of money from property taxes collected from Fresno County and collects service fees for the water, wastewater and solid waste services. The District also levies a tax annually to cover the cost of streetlights.

The District utilizes the County's banking services as a strategy to reduce administrative overhead costs. The District utilizes volunteers to assist in the USDA food giveaway.

Status of, and Opportunities for, Shared Facilities

The District's buildings are not used by any other agencies, and the District has indicated that there are no opportunities for sharing their facilities with other entities.

Governmental Structure and Operational Efficiencies

California Government Code section 61000 - 61934 enables the formation of Community Service Districts to provide various services to the community. The District provides water, storm drainage, sewer, solid waste and street lights services. This District is an independent special district which has a separate board of directors not governed by other legislative bodies (either a city council or a county board of supervisors). The District, under its current legal form, is able to function under its current government structure. Transitioning the CSD to an alternative service provider, such as another district or other form of local government, would be unlikely to result in significant efficiencies. Additionally such a transition to an alternative government structure would be extremely difficult due to the cost, time, and administrative complexity. The existing structure of the District as a community service district is sufficient to allow the District to continue service provision in the foreseeable future. There are no legal or administrative limitations on the District that would affect the provision of service in the future. Therefore, a reorganization of the current government structure is not likely to significantly improve services. The current government structure is able to provide adequate service within District boundaries.

The State Department of Health Services regulates the District's Water system. The California Regional Water Quality Control Board regulates the District's Wastewater treatment plant. The District complies with the regulations of both entities through weekly and monthly testing as well as annual visitations to the District's facilities by the Department of Health and the Regional Water Board.

The mission of the Board of Directors of the Biola Community Services District is "a commitment to the ever growing needs of the community by providing high quality services, open lines of communication, promoting community participation, and using its resources to build high quality standards for the people." The District meets this mission by delivering the same level of service to all its customers, and hiring office personnel to receive and respond to service complaints.

The services provided by the District do not overlap with services provided by any other agencies.

The District has not planned for any significant growth in future service demands since most of the land with growth potential is agricultural vineyard property owned by long time farmers in the community.

Street lighting is provided through a contract with Pacific Gas and Electric, and is funded by a property assessment.

The District follows a maintenance schedule for water infrastructure developed by its engineers Provost and Pritchard. The District does not have anyone on staff to repair any of the District's infrastructure should there be a malfunction. However, this has never affected the level of service provided to the residents. The District follows the prescribed maintenance schedule and has not encountered any unexpected problems.

The District provides a number of services to their customers that are not provided by any other agencies. The boundaries have been logically placed around the Biola Township which is surrounded by agricultural lands.

3. SPHERE OF INFLUENCE REVIEW AND UPDATE

Government Code Section 56076 defines Sphere of Influence as "A plan for the probable physical boundaries and service area of a local agency, as determined by the commission."

Description of Current Sphere of Influence

The District boundaries contain about 242 acres and its Sphere of Influence about 255 acres, as shown on the enclosed map.

Proposed Sphere Changes

This District sphere boundary was adopted in 1971 and updated in 1988 and re-affirmed in 2007. It is recommended that the Commission re-affirm the current sphere of influence.

Sphere of Influence Recommendation and Determinations

It is recommended the Commission approve the following determinations and re-affirm the Sphere of Influence.

1. Present and planned land uses in the area, including agriculture and open-space.

The present land uses in the District include residential and business developments with some agricultural uses.

2. Present and probable need for public facilities and services in the area.

There is no need for public facilities and services in the area beyond what already exists since the District is nearing build out. Funding for development-related system upgrades comes from development impact fees.

3. Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide.

According to District personnel, the capacity and adequacy of the facilities are sufficient for the current and projected future population.

4. Existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.

The unincorporated community of Biola is the only community of interest within the District.

4. ACKNOWLEDGEMENTS & REFERENCES

This draft Municipal Service Review was prepared by Fresno LAFCo staff using information provided by the Biola Community Service District. Responsibility for any errors or omissions rests with those who provided information for the report.

5. 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; and
3. Approve the Sphere of Influence determinations and re-affirm the current Sphere of Influence.