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

AGENDA ITEM No. 14

DATE: **October 10, 2007**

TO: **Fresno Local Agency Formation Commission**

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

SUBJECT: **Consider Adoption – Municipal Service Review and Sphere of
Influence Update Prepared for the City of Orange Cove**

Summary / Background

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

On December 13, 2006, the Commission directed staff to enter into a contract with Braitman & Associates to prepare MSRs and SOI Updates for numerous cities and special districts. The attached MSR has been prepared for the City of Orange Cove.

Municipal Service Reviews provide a comprehensive review of the services provided by a city or district and present recommendations with regard to the condition and adequacy of these services and whether or not any modifications to a city or district's SOI 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 boundary or recommend modifications to the SOI boundary. LAFCo is not required to initiate changes to an SOI based on findings and recommendations of the service review, although it does have the power to do so. Such updates are required by State law to be conducted every five years. MSRs are required to be prepared prior to or in conjunction with SOI updates.

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

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

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

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

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, this MSR collects data for the purpose of evaluating municipal services provided by the agency. There is no land use change or environmental impact created by such a study.

Furthermore, the 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 are no land use changes associated with either document. If the Commission approves and adopts the MSR and SOI update and determines that the project is exempt from CEQA, staff will prepare and file a notice of exemption with the County of Fresno, as required by CEQA Regulation section 15062.

Discussion & Summary of Determinations

The City of Orange Cove is located in southeast Fresno County approximately 28 miles southeast of the City of Fresno and 22 miles east of SR 99. The City encompasses approximately 1,150 acres (1.8 square miles) and its SOI, within Fresno County, encompasses approximately 1,641 acres (2.6 square miles). A small portion of the City's SOI extends into Tulare County on the east side of SR 63/Hills Valley Road.

The City's current population is estimated to be 10,544 (California Department of Finance Data). Orange Cove has grown approximately 37% since 2000 when the City was estimated to have a population of 7,722 and is projected to grow another 53% by 2030. This estimate, as provided by the Council of Fresno County Governments, is based on the assumption that the City will maintain the same share of the County's overall population in 2030 as it has in 2007.

The City is governed by a five-member City Council whose members are elected at large. The City is administered by a City Manager and has 17 full-time, 2 part-time, and one contract employee.

The City provides a range of services including, but not limited to: Land use planning, public parks and recreation programs, water, wastewater, and solid waste collection, street lighting, street maintenance, and flood control. Law enforcement services are provided by the Orange Cove Police Protection District through a contact with the Fresno County Sheriff Department. Fire protection is provided by the Orange Cove Fire Protection District.

City owned facilities include City Hall, the police and fire station, a community center, day care center, animal shelter, three parks, a skateboard park, City yard, water and wastewater facilities.

The City's FY 2006-07 Budget projected revenues from all sources totaling \$15,740,288 and expenditures of \$15,034,027. General Fund revenues were projected to be \$1,123,280. Law enforcement is a separate fund budgeted at \$527,069. Capital projects were funded at \$7,023,978. The City's long-term debt totaled \$9,664,148 in bonds for such things as sewer plant expansion and water system improvements.

The MSR did not identify any obvious opportunities for shared facilities or other government structure options. The City seeks to avoid costs through competitive bidding and works with the Kings Canyon Unified School District to secure grants.

The City indicates that most developable single-family residential acreage within the City's boundaries has approved subdivision maps. The City desires to expand its SOI, but has not yet submitted an application to LAFCo to initiate this action.

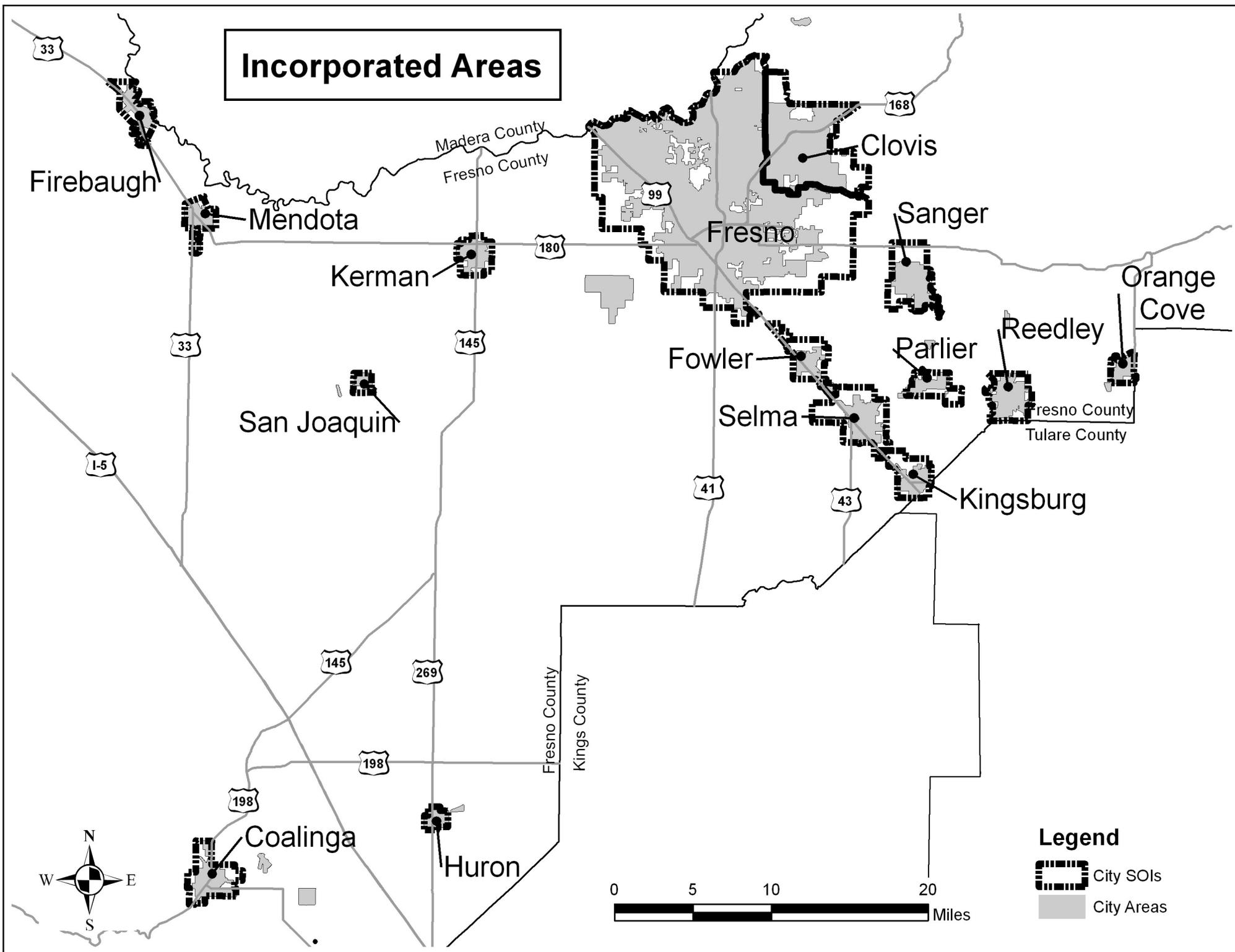
As indicated above, a small portion of the City's Sphere of Influence extends east into Tulare County, east of SR 63/Hills Valley Road. A Sphere of Influence is defined as "the probable physical boundaries and service area of a local agency." Because a city cannot be located in two counties, the City of Orange Cove cannot annex that portion of its SOI located within Tulare County. Staff recommends that the Commission direct it to confer with the City of Orange Cove and Tulare LAFCo regarding the possibility of restricting the City's Sphere of Influence to lands only within Fresno County.

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 determinations under consideration are Categorical Exempt from the provisions of the California Environmental Quality Act (CEQA) under Section 15306, "Information Collection" and the general exemption from environmental review, CEQA Regulation Section 15061(b)(3), and find that the SOI Updates qualify for the same general exemption from environmental review based upon CEQA Regulation Section 15061(b)(3).
- B. Find the Municipal Service Review and Sphere of Influence Update prepared for the City of Orange Cove are complete and satisfactory.
- C. Find that the written determinations within the Municipal Service Review and Sphere of Influence Update satisfy State Law.

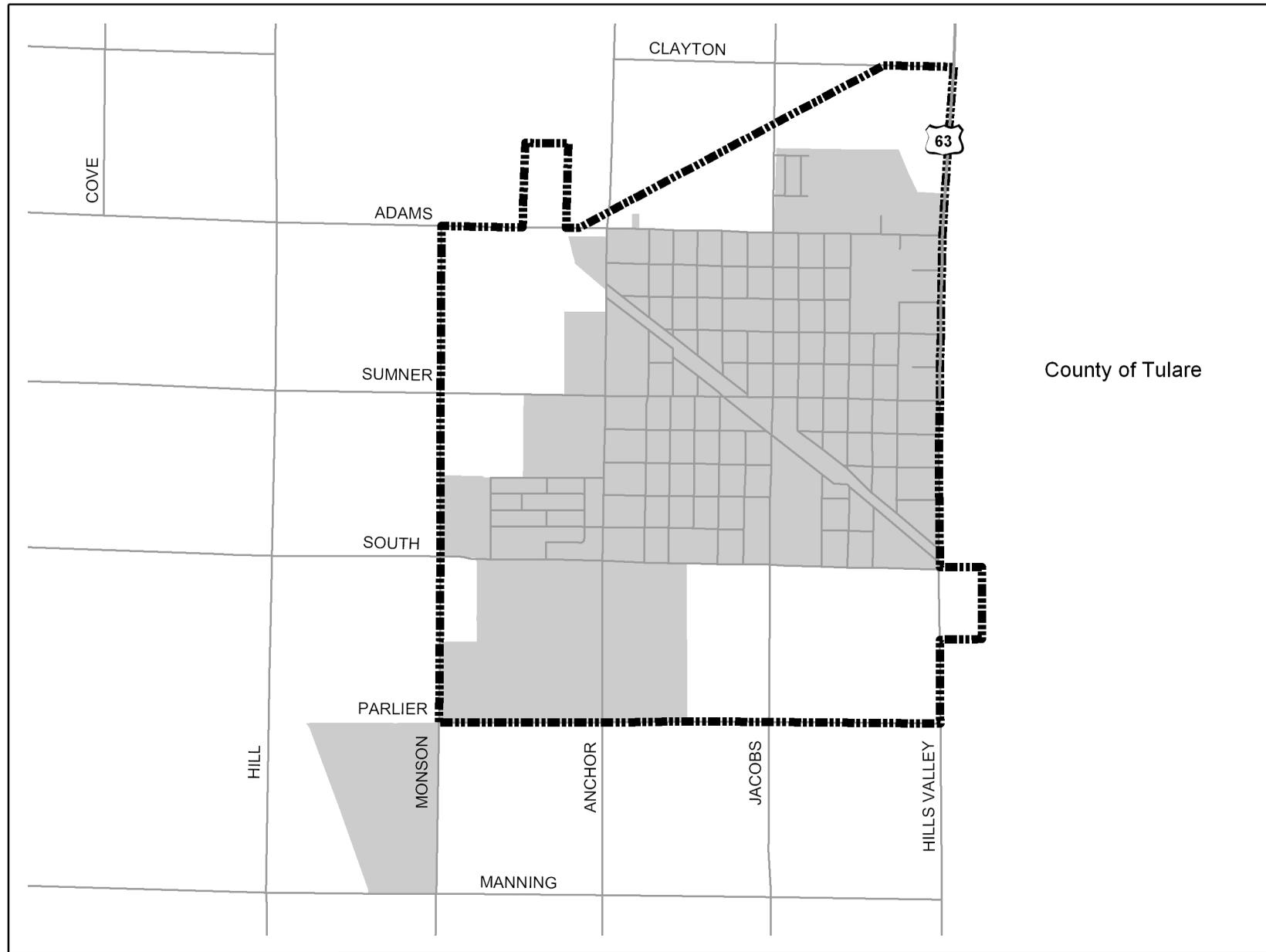
- D. Pursuant to Government Code Sections 56425 and 56430 make the required determinations for the Municipal Service Review and City Sphere of Influence Update, adopt the Municipal Service Review prepared for the City of Orange Cove by Braitman and Associates, and update the Sphere of Influence for said City by reaffirming its current boundary.
- E. Direct staff to confer with the City of Orange Cove and Tulare LAFCo regarding the possibility of restricting the City's Sphere of Influence to lands within Fresno County.

Incorporated Areas



Legend

-  City SOIs
-  City Areas



**CITY OF
ORANGE
COVE**

Adopted: August 28, 1974
 Updated: December 11, 1996
 Map Date: June 2007



Legend

 Sphere of Influence

 City Limits

**FRESNO LOCAL AGENCY FORMATION COMMISSION
 CITY OF ORANGE COVE SPHERE OF INFLUENCE**

City Date (6/07)

Note: Areas are digitized acreages and do not reflect actual legal values

Sphere Area 1,641 Acres
City Area 1,150 Acres

RESOLUTION NO. MSR-07-31

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

In the Matter of

LAFCo Determination

**RESOLUTION MAKING DETERMINATIONS)
AND ADOPTING MUNICIPAL SERVICE; AND)
MAKING DETERMINATIONS AND UPDATING)
SPHERE OF INFLUENCE FOR THE CITY OF)
ORANGE COVE)**

**MAKE DETERMINATIONS AND ADOPT)
MUNICIPAL SERVICE REVIEW; AND)
MAKE DETERMINATIONS AND UPDATE)
SPHERE OF INFLUENCE FOR THE CITY)
OF ORANGE COVE)**

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

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

WHEREAS, the Executive Officer prepared a Municipal Service Review and Sphere of Influence Update Report (MSR) for the City of Orange Cove; and

WHEREAS, notice of this Commission's public hearing to consider adoption of the MSR was duly given in a publication of general circulation as required by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and State Law, and for the time and in the form and manner provided by State Law; and

WHEREAS, on October 10, 2007, the Commission held a public hearing and received, considered and discussed all testimony and evidence given at the public hearing, including but not limited to the Executive Officer's *Municipal Service Review and Sphere of Influence Update Report for the City of Orange Cove*, environmental documentation, applicable land use plans and all correspondence and exhibits received during the public hearing, all of which are incorporated herein by this reference; and

WHEREAS, based upon all of the above, this Commission makes the following findings and determinations and adopts the following resolution:

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

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

review, CEQA Regulation Section 15061(b)(3), and find that the SOI Update qualifies for the same general exemption from environmental review based upon CEQA Regulation Section 15061(b)(3).

Section #2. This Commission finds the Municipal Service Review and Sphere of Influence Update prepared for the City of Orange Cove are complete and satisfactory.

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

Section #4. This Commission, pursuant to Government Code Sections 56425 and 56430, makes the required determinations for the Municipal Service Review and City Sphere of Influence Update, adopts the Municipal Service Review prepared for the City of Orange Cove by Braitman & Associates, and updates the Sphere of Influence for said City by reaffirming its current boundary.

Section #5. This Commission directs staff to confer with the City of Orange Cove and Tulare LAFCo regarding the possibility of restricting the City's Sphere of Influence to lands within Fresno County.

Section #6. The Executive Officer is hereby authorized and directed to mail certified copies of this resolution as provided in Government Code Section 56882 and to file, as appropriate, in the Office of the Fresno County Clerk all environmental documents, if any, pertaining to the Municipal Service Review and Sphere of Influence Update, as required by State law.

* * * * *

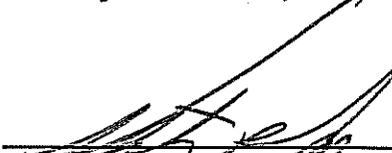
ADOPTED THIS 10th DAY OF OCTOBER, 2007, BY THE FOLLOWING VOTE:

- AYES: Commissioner Rodriguez, Larson, Anderson, Fortune**
- NOES: None**
- ABSTAIN Commissioner Lopez**

STATE OF CALIFORNIA)
COUNTY OF FRESNO)

CERTIFICATION

I, Victor Lopez, Chairman of the Fresno Local Agency Formation Commission (LAFCo), Fresno County, State of California, hereby certify that the foregoing resolution was adopted by the Commission on the 10th day of October, 2007.



Victor Lopez, Chairman
Fresno Local Agency Formation Commission

CITY OF ORANGE COVE

MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE

Report to the
Fresno Local Agency Formation Commission

Prepared By:

Braitman & Associates
8277 Cheshire St.
Ventura, CA 93004

October 2007

1. MUNICIPAL SERVICE REVIEW

Description of City

The City of Orange Cove was incorporated in 1948 and is one of 15 cities in Fresno County. It is a general law city operating pursuant to laws of the State of California (Government Code, Section 34000 et seq.).

The City encompasses approximately 1,150 acres (1.8 square miles). The City's estimated population as of January 1, 2007, was 10,544 (California Department of Finance data).

The City is in an agricultural area of Fresno County approximately 28 miles southeast of the City of Fresno, about 22 miles east of SR 99 and seven miles south of SR 180. It is adjacent to the County of Tulare.

The City's boundaries and Sphere of Influence are not coterminous. As shown on the attached map, the Sphere extends beyond the City primarily to the north and south. The Sphere of Influence encompasses approximately 1,641 acres (2.6 square miles). The Sphere also extends east into Tulare County, on the east side of SR 63/Hills Valley Road.

The City is governed by a five-member council with members elected at large. The City Council meets regularly twice a month. Agendas are posted at the City Hall and at the Post Office.

The City utilizes a city manager form of government. It has 17 full-time, two part-time and one contract employees.

City Services

The City provides the following array of municipal services:

- Land use planning and building regulation
- Public parks, open space and recreation programs
- Wholesale and retail water delivery and water conservation
- Wastewater collection, treatment and disposal
- Refuse collection and recycling
- Street maintenance, including bridges and culverts
- Street lighting
- Flood control, drainage and storm water disposal

The Orange Cove Police Protection District provides law enforcement through a contract with the Fresno County Sheriff. Fire protection is provided by the Orange Cove Fire Protection District.

INFRASTRUCTURE AND SERVICE PROVISIONS

City Infrastructure

The City of Orange Cove's infrastructure consists of the following:

- Community facilities include the City Hall, police and fire station, community center, senior center, day care center and animal shelter.
- Recreational facilities include Eaton Community Park with a band stand, Sheraton Park and State Senator Dianne Feinstein skateboard and community recreation park.
- Public works facilities include the City Yard and maintenance building, wastewater administration building and laboratory, wastewater treatment plant, water treatment plant, public streets and appurtenant structures, and extensive drainage, water and wastewater facilities including water wells and sewage lift stations.

City Finances

The FY 2005-06 and 2006-07 budgets and audit for the year ending June 30, 2006 are available in the LAFCO office.

Revenues for all City funds for FY 2006-07 are projected at \$15,740,288; expenditures are budgeted at \$15,034,027.

The General Fund is projected at \$1,123,280. Law enforcement is a separate fund budgeted at \$527,069. Other funds include sewers (\$738,070), streets and roads (\$1,186,500), child development (\$1,108,429) and debt service (\$196,900).

Current City debt of \$9,664,148 includes assessment bonds for sewer plant expansion, tax allocation bonds for the redevelopment agency, revenue bonds related to water system improvements, Certificates of Participation for water plant improvements and a note from State Department of Water Resources for water system improvements. The City appears capable of making the required annual principal and interest payments to retire the existing long-term debt

2. SERVICE REVIEW DETERMINATIONS

Infrastructure Needs and Deficiencies

The City has extensive infrastructure to provide municipal services. It appears that infrastructure plans in the budget relate to projected public service needs. The City in FY 2006-07 has budgeted \$7,023,978 for capital outlay. Of this \$2,768,978 is funded by a water grant and \$1,227,000 is for reconstruction of South Avenue.

Growth and Population

The City's current population is estimated to be 10,544. The City's population has grown approximately 37% since 2000 when the City was estimated to have a population of 7,722 and 1,767 housing units (2000 U.S. Census).

The City is projected to have a 2030 population of approximately 16,088, an increase of approximately 53% (Fresno Council of Governments data). This figure assumes the City will maintain the same share of the County population in 2030 as it has in 2007.

The City has provided LAFCO with land use plans and studies, including the City's General Plan (2003-2025) and Economic Development Strategic Plan (2003). Copies of these documents are available in the LAFCO office.

Financing Constraints

As a California municipality, City finances are dependent on State statutes including formulas governing the distribution of certain types of revenues and local policies and decisions regarding growth of the community and the variety of services proffered.

No significant financing constraints are evident other than the fact that municipalities in California find themselves increasingly dependent on the State legislature for local government funding formulas such as the recent exchanges between sales taxes and motor vehicle in lieu fees.

Opportunities for Shared Facilities

There are no obvious opportunities for shared facilities in current City operations.

Government Structure Options

There are no obvious opportunities for governmental structure options.

Cost Avoidance Opportunities

The City utilizes competitive bidding and City staff are used to assist with the Orange Cove Day Care program.

Joint decision-making efforts in which the City participates includes working with the Kings Canyon Unified School District to secure grants. This cooperative program has resulted in approximately \$1,500,000 in funds for soccer and stadium facilities at Orange Cove High School.

Opportunities for Rate Restructuring

The City periodically adjusts fees and charges for services to recover City expenses.

Evaluation of Management Efficiencies

The City exhibits characteristics of an agency that is operating efficiently.

Local Accountability and Local Government

The City is locally accountable and has significant public notice protocols. City Council notices and agendas are posted in key locations including City Hall and the Post Office. The City maintains a website www.cityoforange Cove.com.

The City distributes newsletters with utility bills about twice a year.

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 LAFCO.

Description of Current Sphere of Influence

The City’s boundaries and Sphere of Influence are not coterminous. The Sphere extends beyond the City primarily to the north and south. The Sphere also extends east into Tulare County, on the east side of SR 63/Hills Valley Road. A map of the City and its Sphere is attached.

Desired Sphere Changes

The City states most available and developable single family residential acreage within the City already has approved subdivision maps. The City desires to expand the City planning area boundaries and provided a map showing the desired expansion areas are primarily to the south and west of the current Sphere of Influence.

Until a formal application is received it is not possible for LAFCO to consider amending the Sphere since it lacks the necessary information and compliance with CEQA.

City of Orange Cove Sphere Extends into Tulare County

Government Code Section 56741 states “Territory may not be annexed to a city unless it is located in the same county.” Cities must therefore be located within one county.

Despite that restriction the Commission in the past included part of Tulare County in the City’s Sphere. This may not be a logical location since a Sphere is to define “the probable physical boundaries and service area of a local agency.”

It is proposed that the LAFCO staff be authorized to confer with the City of Orange Cove and Tulare LAFCO regarding the possibility of restricting the City's Sphere of Influence to lands within Fresno County.

Sphere of Influence Recommendation and Determinations

It is recommended the Commission approve the following determinations and affirm the current Sphere of Influence as depicted on the map.

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

Present and planned land uses within the Sphere are a combination of residential, commercial, industrial, public, agricultural and open spaces uses.

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

The present and probable need for public facilities and services within the City and its Sphere are described in the Municipal Service Review. Urban uses within the City require a range of services such as water, sewer, law enforcement and fire protection.

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

The City indicates it is able to provide adequate facilities and services for existing and planned land uses within the City boundaries and Sphere area.

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 community of Orange Cove represents a social and economic community.

4. ACKNOWLEDGEMENTS & REFERENCES

This draft Municipal Service Review was prepared by Braitman & Associates working at the direction of the Fresno LAFCO staff. Responsibility for any errors or omissions rests with those who prepared the report.

The City of Orange Cove provided information on which the evaluation is based. City Consultant Julian Chapa was instrumental in providing data.

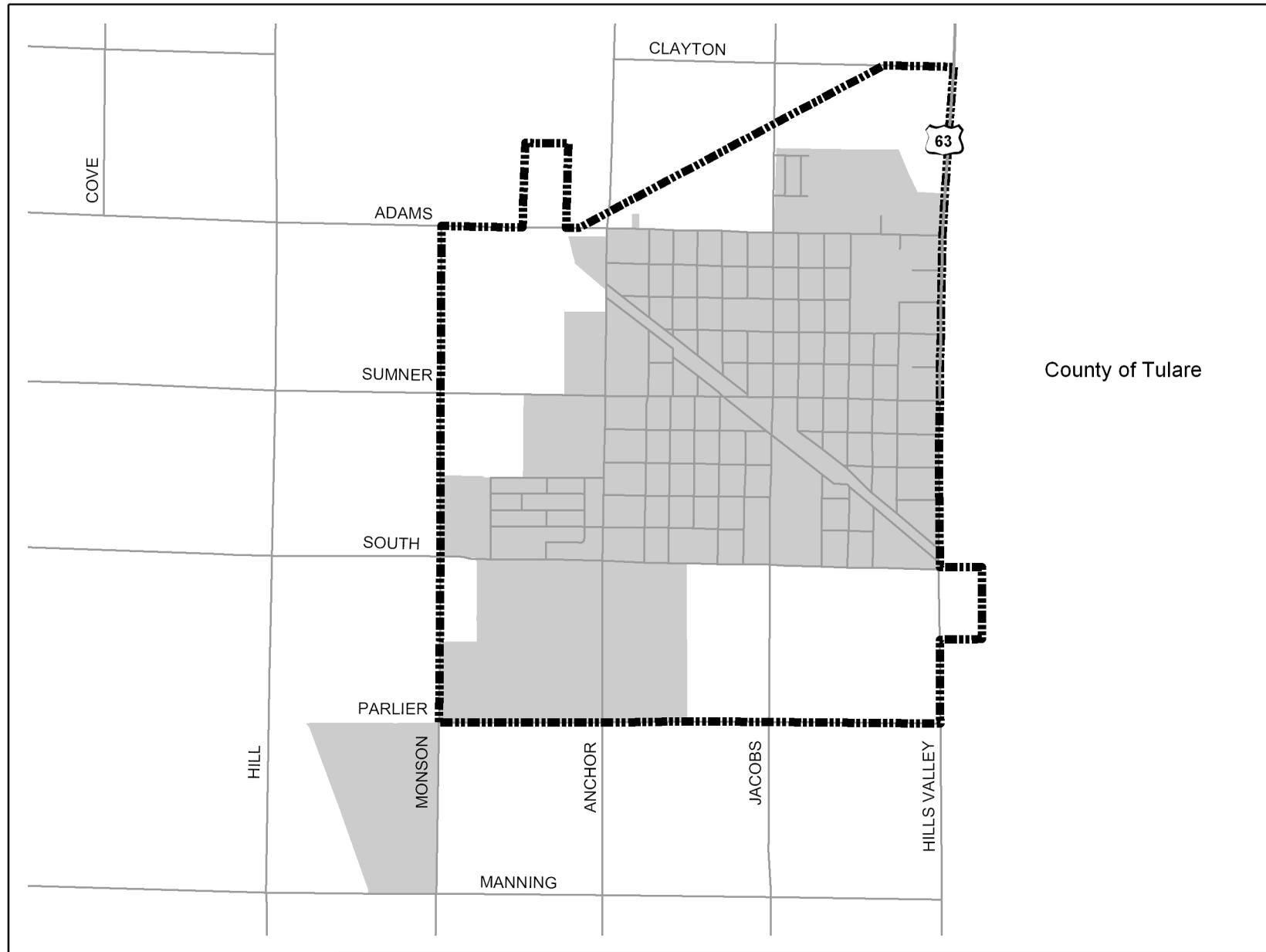
Available Documentation

The "Request for Information for Municipal Service Reviews" submitted by the City and supporting documents referred to therein are available in the LAFCO office.

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.
3. Approve the recommended Sphere of Influence determinations and affirm the current Sphere of Influence.
4. Authorize the LAFCO staff to confer with the City of Orange Cove and Tulare LAFCO regarding the possibility of restricting the City's Sphere to Fresno County.



**CITY OF
ORANGE
COVE**

County of Tulare

Adopted: August 28, 1974
 Updated: December 11, 1996
 Map Date: June 2007



Legend

-  Sphere of Influence
-  City Limits

**FRESNO LOCAL AGENCY FORMATION COMMISSION
 CITY OF ORANGE COVE SPHERE OF INFLUENCE**

City Date (6/07)

Note: Areas are digitized acreages and do not reflect actual legal values

**Sphere Area 1,641 Acres
 City Area 1,150 Acres**