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

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AGENDA ITEM No. 7

**DATE:** July 13, 2016

**TO:** Fresno Local Agency Formation Commission

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

**BY:** George Uc, LAFCo Analyst II

**SUBJECT:** Consider Adoption: Municipal Service Review and Sphere of Influence Update for County Service Area No. 2 (Tenaya Park) and County Service Area No. 5 (Wildwood Estates)

**Recommendation:** Adopt the Municipal Service Review updates prepared for County Service Area No. 2 and County Service Area No. 5 and update the Districts' spheres of influence by taking the following actions:

- A. Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines find that the MSRs prepared for County Service Area No. 2 and County Service Area No. 5 are Categorically Exempt from the provisions of CEQA under Section 15306, "Information Collection."
- B. Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines, find that it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and that approval of the suggested sphere of influence revision for County Service Area No. 5 is exempt from the California Environmental Quality Act pursuant to CEQA Guidelines section 15061(b)(3).
- C. Find that the Municipal Service Reviews prepared for County Service Area No. 2 and County Service Area No. 5 are complete and satisfactory.
- D. Find that the written determinations within the Municipal Service Reviews, Sphere of Influence Update for County Service Area No. 2 and Sphere of Influence Revision for County Service Area No. 5 satisfy State Law.
- E. County Service Area No. 2. Pursuant to Government Code Sections 56425 and 56430 make the required determinations for the Municipal Service Review and District Sphere of Influence update, adopt the Municipal Service Review prepared for the District, and Update the Sphere of Influence for said District by reaffirming its boundaries.
- F. County Service Area No. 5. Pursuant to Government Code Sections 56425 and 56430 make the required determinations for the Municipal Service Review and Sphere of Influence Revision, adopt the Municipal Service Review prepared for the District, and Revise the Sphere of Influence for said District.

## **Executive Summary**

In unincorporated areas, basic services like water, sewer, police and fire protection are provided by the County. The County Service Area Law (Government Code §25210.1 et seq.) was created in the 1950s to provide for expanded levels of service within unincorporated areas where residents are willing to pay an additional tax assessment for the extra service. The County Service Area Law allows residents or county supervisors to initiate the formation of a County Service Area (or “CSA”). A CSA’s principal act authorizes 26 different types of services, including extended police protection, fire protection, park and recreation facilities, libraries, street lighting, street maintenance, distribution of water supply, collection and treatment of sewage, and many more types of service. Generally, the majority of the CSAs provide one or two types of services while all other types of services enumerated in the District’s principal act are considered to be “latent,” meaning that they are not being exercised by the District. A CSA may issue General Obligation or Revenue Bonds, or form improvement areas for the purpose of issuing bonds that specifically benefit, and will be charged to, only part of the CSA. Any bond issuance or other long-term debt will require approval of voters residing within the CSA.

In accordance with Government Code section 56066, Fresno County is the principal county for CSA No. 2 and CSA No. 5 and LAFCo is responsible for updating the SOIs for the Districts consistent with section 56425(g). In order to update the agencies’ SOI, Fresno LAFCo has prepared these service reviews in accordance with section 56430.

### **County Service Area No. 2 (Tenaya Park)**

CSA No. 2 was formed to provide recreational park service and maintenance of public facilities within the subdivision known as Tenaya Estates in Fresno County. The District’s sphere of influence (SOI) and service area are coterminous and encompass 60 acres. The District is located east of Fruit Avenue between Sierra and Escalon Avenues. The District is a single-county agency in Fresno County (Exhibit A). CSA No. 2 serves an estimated population of 339 residents.<sup>1</sup> The District’s north and east edges are contiguous with the City of Fresno and a majority of the land around the District is substantially developed with residential land uses. The District service area lies within a larger unincorporated island inside the Fresno SOI and city limits.

Fresno LAFCo’s MSR policy designates the District as a “level two” special district that provides a type of municipal service to its constituency. As this term is applied to the subject CSA, the term “municipal service” means a service provided by a local agency to a relatively dense population at comparatively high levels of service. The District is a dependent special district that generally does not request or experience modifications to its service area or request a revision to the Commission’s adopted SOI.

Using the Commission’s 20-year planning horizon for SOIs, the County Resources Division informs that the District does not expect any boundary growth to occur as it relates to additional territory, population, or expansion of District services. Land within the District service area is

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<sup>1</sup> Fresno Council of Governments, Current and Historic Data-Population and Housing, Average Household Size and Occupancy by Census Tract – Census Tract 45.03.

already completely developed with single-family residential uses. The MSR recommends the affirmation of the District's existing SOI boundary.

LAFCo staff has prepared the District's 2016 MSR update to comply with Government Code Sec. 56430 and Fresno LAFCo Policy 107- Municipal Service Review Policy.<sup>2</sup>

The MSR makes the following recommendation:

That the County Resource Division and citizen advisory committee identify a long-term plan for the provision of District services. Such an evaluation should consider addressing the District's unincorporated status, City of Fresno's outlook, identify opportunities, and identify obstacles that could stall the possible reorganization of the District.

#### County Service Area No. 5 (Wildwood Estates)

CSA No. 5 was formed in 1963 to provide water supply and maintenance of various facilities within the Wildwood Island subdivision. The District is authorized to provide retail water services, operate and maintain the public water system, and maintain the recreational lake area within the Wildwood Island subdivision. CSA No. 5's sphere of influence (SOI) and service area are coterminous and encompass 114 acres. The District is located on the east side of the Kings River, near the intersection of State Route 180 (SR) and N. Piedra Road. The District is approximately two miles northeast of the unincorporated community of Centerville, California and approximately 4.5 miles northeast of the City of Sanger, California. The District is a single-county agency in Fresno County (Exhibit B).

The District's infrastructure facilities include two wells and a series of pipelines used to deliver water to residents within the District. The District annually pumps approximately 211.52 acre-feet of groundwater from its two wells. The District's water distribution system has 147 unmetered residential water connections within the District boundaries and two additional out-of-district customers that are billed at a separate rate than customers within the District. The District's water system has 149 total water connections. The District provides domestic water supplies to approximately 485 residents.

The Fresno LAFCo MSR policy designates the District as a "level two" special district that provides municipal services (water supply) to its constituency. A municipal local agency (special district) means, in Fresno LAFCo's judgment, that services provided by the agency facilitate or have potential to induce population growth. The District is a dependent special district that generally does not request or experience modifications to its service area or request a revision to the Commission's adopted SOI.

During the course of the MSR update, LAFCo staff observed that the District has been providing service to two out-of-district customers, one connected circa 1990 and the second parcel in 2002. Although, the County Resources Division indicated that the two out-of-district parcels have been connected for 26 and 14 years, respectively, LAFCo's CSA No. 5 maps did not depict the two subject parcels as preexisting out-of-district customers.

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<sup>2</sup> Fresno LAFCo Policy 107- Municipal Service Review Policy adopted on November 5, 2014

As recommended by staff, the proposed SOI revision would include the two out-of-district parcels into the District's SOI. The two subject parcels host residential uses and already benefit from District water service. In LAFCo's judgement, these parcels are considered to be permanent customers of the District. As such, a revision of the SOI is appropriate to include the two out-of-district parcels into the District's SOI in anticipation of a future annexation application made to LAFCo. The recommended SOI revision (Exhibit C) would not create a physical change to the existing environment. Therefore there are no environmental concerns anticipated to occur from revising CSA No. 5's existing SOI.

The Department of Water Resources (DWR) has developed a Strategic Plan for its Sustainable Groundwater Management (SGM) Program. DWR's SGM Program will implement the new and expanded responsibilities identified in the Sustainable Groundwater Management Act (SGMA) of 2014. Some of these expanded responsibilities include: (1) developing regulations to revise groundwater basin boundaries; (2) adopting regulations for evaluating and implementing Groundwater Sustainability Plans (GSPs) and coordination of agreements; (3) identifying basins subject to critical conditions of overdraft; (4) identifying water available for groundwater replenishment; and (5) publishing best management practices for the sustainable management of groundwater.<sup>3</sup>

The Sustainable Groundwater Management Act (SGMA) defines sustainable groundwater management as the management of groundwater supplies in a manner that can be maintained during the planning and implementation horizon without causing undesirable results. This responds to the DWR's California Statewide Groundwater Elevation Monitoring (CASGEM) "high" priority ranking for San Joaquin Valley groundwater basins.

The Fresno County Resources Division participates in several metropolitan water supply groups including the Fresno County SGMA working group and is actively working with metropolitan water supply agencies to form a Groundwater Sustainability Agency (GSA) by the statutory deadline of June 30, 2017. The District intends to participate in the GSA's development of the Groundwater Sustainability Plan due to DWR by January 31, 2020. CSA No. 5's boundaries overlay the Alta Irrigation District's service area and LAFCo anticipates that the Alta Irrigation District will represent land where CSA No. 5 is situated. CSA No. 5's service area is located within the East Kings River Sub-Basin, and the CSA/County Resources Division would be a stakeholder in the formation of the Kings River East Groundwater Sustainable Agency.

LAFCo staff has prepared the District's 2016 MSR update to comply with Government Code Sec. 56430 and Fresno LAFCo Policy 107- Municipal Service Review Policy.<sup>4</sup> The MSR makes the following recommendation:

That the Commission considers a revision to the District's SOI to include the two "out-of-district" parcels (APN 333-031-03 and APN 333-231-03S) currently receiving District service, and recommends that the Board of Supervisors initiate an application to annex these properties to the District's service area.

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<sup>3</sup> <http://www.water.ca.gov/groundwater/sgm/index.cfm>.

<sup>4</sup> Fresno LAFCo Policy 107- Municipal Service Review Policy adopted on November 5, 2014

## **Summary / Background**

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

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

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

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

1. Growth and population projections for the affected area.
2. Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
3. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

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

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

The attached MSRs present these determinations with District information and the analysis used in support of the determinations and recommendations.

## **Environmental Determination**

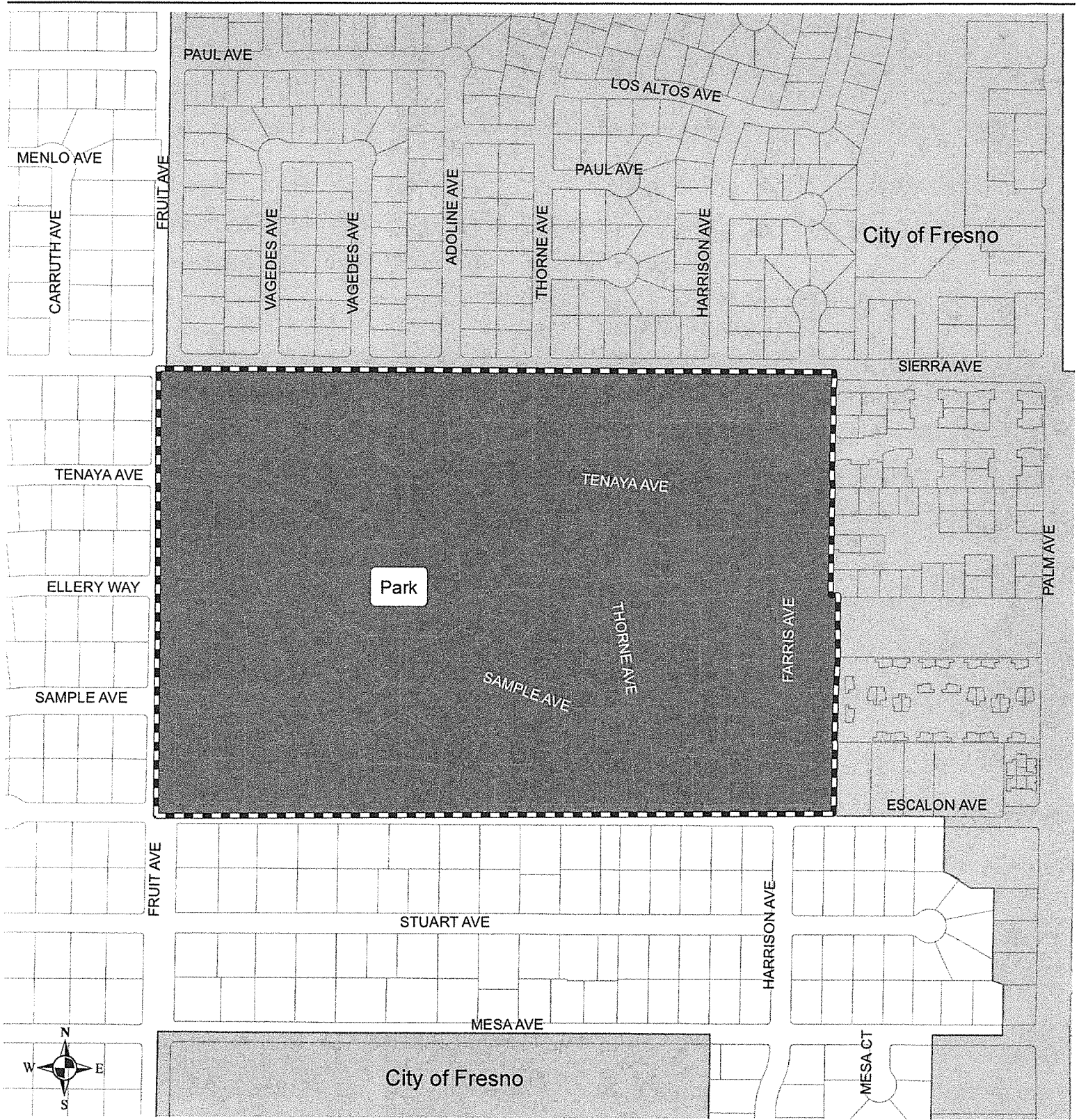
The California Environmental Quality Act ("CEQA") requires that the Commission undertake and review an environmental analysis before granting approval of a project, as defined by CEQA. These MSRs are categorically exempt from the preparation of environmental documentation under a classification related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

Furthermore, the MSR for CSA No. 5 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 updates qualify for the same general exemption from environmental review based upon CEQA Regulation section 15061(b)(3).

There is no possibility that these MSRs, SOI update and SOI revision may have a significant effect on the environment because there are no land use changes or other changes to the environment.



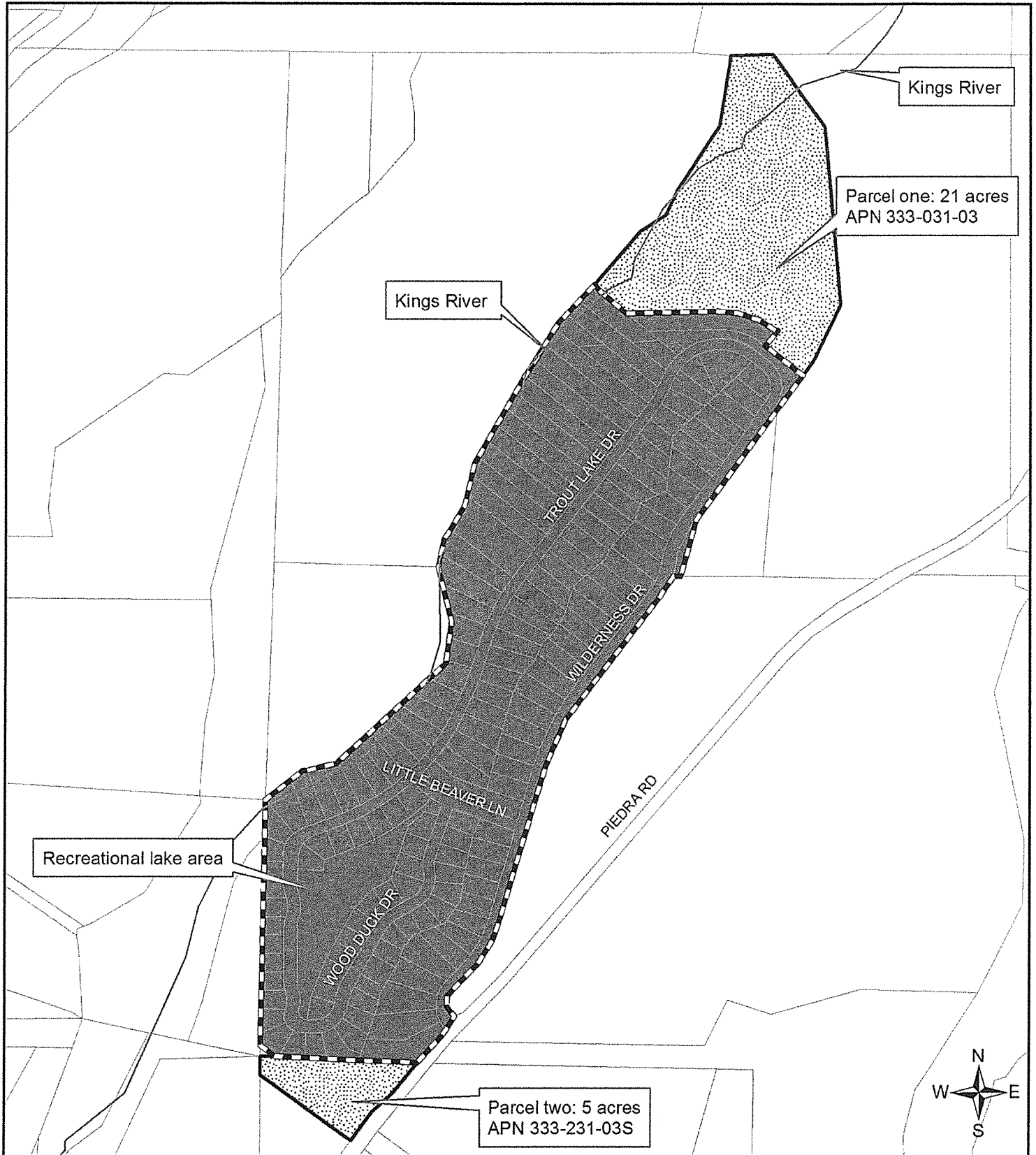
**EXHIBIT A**  
**Fresno Local Agency Formation Commission**  
**County Service Area No. 2 (Tenaya Park)**  
 Services: Park facilities and maintenance




	District Area and SOI	District formed: 1962 SOI adopted: 3/14/1975 SOI updated: 11/7/2007	Map date: July 2016 District area: 60 acres Sphere area: 60 acres
	City Area		


Exhibit B  
Fresno Local Agency Formation Commission  
County Service Area No. 5 (Wildwood Estates)

Services: Water distribution and park maintenance



 Sphere of influence

 District Area

 Unauthorized out of District parcel

District Formed: 1963

SOI Adopted: 6/25/1975

SOI Updated: 12/05/2007

Map Date: June 2016

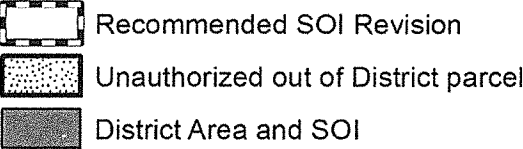
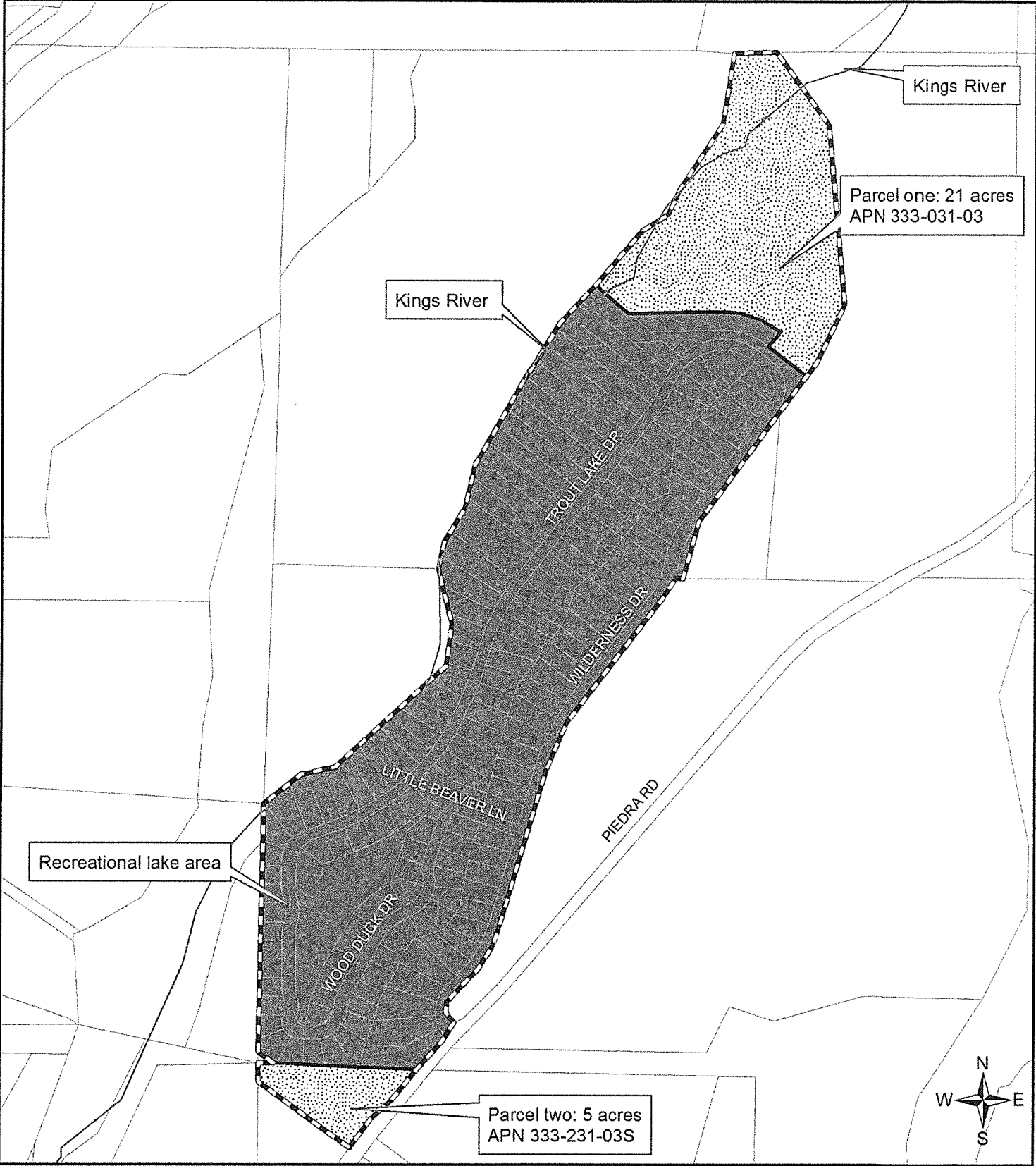
Service area: 114 acres

SOI area: 114 acres



Exhibit C  
Fresno Local Agency Formation Commission  
County Service Area No. 5 (Wildwood Estates)

Note: Recommended sphere of influence revision adds 26 acres



Map Date: June 2016  
District service area: 114 acres  
Sphere of influence revision: 140 acres