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

CONSENT AGENDA ITEM No. 6

DATE: July 11, 2007

TO: Fresno Local Agency Formation Commission

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

SUBJECT: **Consider Adoption** – Municipal Service Reviews and Sphere of Influence Updates Prepared for the Following Districts:

1. Consolidated Irrigation District
2. Fresno Irrigation District
3. Orange Cove Irrigation District
4. Riverdale Irrigation District
5. Tranquillity Irrigation District

Summary / Background

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCo to review and update, as necessary, Special District's Sphere 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 MSRs have been prepared for five of the seven Irrigation Districts operating within Fresno County.

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'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 the existing SOI boundaries 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, if the Commission determines that modifications to a district's SOI boundary are appropriate, it is required to consider the following four criteria and make appropriate determinations in relationship to each of the following criteria:

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

There are seven Irrigation Districts within the County of Fresno. These include: the Consolidated; Fresno; Hill Valley; James, Orange Cove; Riverdale; and Tranquillity Irrigation Districts.

This report addresses the Consolidated, Fresno, Orange Cove, Riverdale, and Tranquillity Irrigation Districts. MSR's prepared for the Hills Valley and James Irrigation Districts will be presented at a later hearing.

Environmental Determination

Staff has determined that consideration of and adoption of the Irrigation District Municipal Service Reviews and Sphere of Influence determinations are actions considered to be "Categorically Exempt" as per Section 15306 (Information Collection) of the California Environmental Quality Act Guidelines (CEQA). Any change to a District's Sphere of Influence resulting from recommendations adopted by the Commission will require additional review under CEQA.

Discussion & Summary of Determinations

1. Consolidated Irrigation District

- A. Maintain the District's existing Sphere of Influence boundary.

The Consolidated Irrigation District encompasses approximately 144,000 acres (225 square miles) on both sides of State Route 99 in southeastern Fresno County. The District includes areas surrounding the Cities of Fowler, Kingsburg, Parlier, Sanger, and Selma. As lands are annexed into these cities, they are concurrently detached from the District. The District shares a common boundary with the Fresno Irrigation District to the north. The District's boundary and Sphere of Influence are coterminous.

The District is governed by a five-member, elected Board of Directors and administered by a general manager. The District has 22 full-time employees.

The District provides water from the Kings River for irrigation and groundwater recharge. The District's water distribution system consists primarily of open ditches to irrigate agricultural lands

within the District. Facilities include an office, yard and shop, four residences, numerous ponding basins for storage and recharge, and an extensive system of canals and pipelines for water distribution.

The District has identified impacts of increasing urbanization as a major concern. The District states such impacts include, but are not limited to:

- Reduction in groundwater storage
- Increased risk to public safety
- Increased storm water discharges into District facilities
- Impacts to the integrity, location, operation, and use of District irrigation canals

Additionally, the District states:

“Conversion of agricultural land has created a cumulative concern related to groundwater supply and District revenues. An analysis made by the District’s engineer indicates there is a net increase in groundwater consumption of approximately 1.75 acre-feet per acre when agricultural land that is irrigated with CID surface water is detached from the District and urbanized.”

The District states it is in the process of preparing an Urban Impacts Study to quantify impacts resulting from urban development and to determine appropriate mitigation measures. The District hopes the study will be completed within a few months.

The District’s projected revenues for FY 2006-07 are \$3,061,950. Approximately two-thirds of this revenue is derived from per acre charges for water service, which range from \$7.20 to \$21.60 per acre. Significant revenue is also derived from sale of borrow material. Significant District costs include water rights/assessments, administration and operations, and tools and equipment maintenance.

The District indicates that urbanization of land within the District results in a decrease in assessment revenue, stating:

“Based on the average annual acreage detached from the District (271 acres), CID’s annual decrease in assessment revenue is approximately \$2,000. District funding is not sufficient to offset the operational impacts caused by urban development in the vicinity of District facilities.”

The District participates in the Association of California Water Agencies Joint Powers Insurance Authority for liability, property, and workers compensation insurance as a cost avoidance measure.

The District shares facilities in that its “Lone Tree Canal System” is diverted from Fresno Irrigation District’s Fresno Canal. This system represents about 5% of the District’s total water delivery capacity. There do not appear to be additional significant opportunities to share facilities with other water agencies.

The District did not indicate that any changes to its Sphere of Influence were necessary or desired.

2. Fresno Irrigation District

- A. Maintain the District's existing Sphere of Influence boundary.

The Fresno Irrigation District encompasses approximately 245,000 acres (383 square miles) in northern Fresno County, including the Fresno-Clovis Metropolitan Area. The District's boundary extends from Madera County on the north to the Cities of Fowler and Sanger on the south, and the Kerman Area on the west to the Sierra Foothills on the east. Its boundary and Sphere are mostly coterminous.

The District is governed by a five-member Board of Directors which is elected by Divisions. The District is administered by a General Manager and maintains 85 full-time employees.

The District conveys Kings River and San Joaquin River water for irrigation purposes, groundwater recharge, and direct delivery to the City of Fresno and City of Clovis Surface Water Treatment Plants for domestic use.

The District obtains water from the Kings River and also contracts to purchase water from the Friant Division of the Central Valley Project. One issue the District is facing is how to mitigate impacts of urbanization to the District. The District is working with the County, City of Fresno, City of Clovis, and the Fresno Metropolitan Flood Control District in an effort to develop and implement a comprehensive *Surface and Groundwater Management Program*.

The District states:

“Excessive mining of the groundwater supply on a localized basis by the cities needs to be monitored to assure that the water use within the city limits [of Fresno and Clovis] is in balance with their water supply(s)”

The District's FY 2006-07 Budget projects revenues of \$9,064,574, nearly 88% of which is derived from acreage assessments. Its largest expenditure is employee salaries and benefits. The District can adjust its rates annually as necessary based on the costs of providing District services. Rates were raised in 2005 through the Proposition 218 process. The District states that the 2005 increase “assures the District will be adequately funded through at least 2010.”

The District shares a portion of Briggs Canal with the Consolidated Irrigation District. It also shares the Fancher Creek Detention Basin, currently under construction, with the Fresno Metropolitan Flood Control District.

The District participates in a number of joint powers authorities.

The District does not propose any changes to its Sphere of Influence.

3. Orange Cove Irrigation District

- A. Maintain the District's existing Sphere of Influence boundary.
- B. Direct LAFCo staff to pursue the possible advantages of consolidation of the Orange Cove Irrigation District, Tri-Valley Water District, and the Hills Valley Irrigation District.

The Orange Cove Irrigation District encompasses approximately 28,000 acres (44 square miles) in southeastern Fresno County and northwestern Tulare County. That portion within Fresno County extends from the Tulare County line on the south to State Route 180 (Kings Canyon Road) on the north, and from Alta Canal on the west to the Sierra Nevada foothills on the east. The District's boundary and Sphere of Influence are nearly coterminous. The District shares a common boundary with Hills Valley Irrigation District on the northeast.

The District surrounds the City of Orange Cove. As land is annexed by the City it is detached from the District. The District generally seeks to replace land that is annexed by the City by annexing additional lands adjacent to the District's boundary

The District is governed by a five-member Board of Directors elected by Divisions. It is administered by the Engineer-Manager and has seven full-time employees.

The District provides retail water service to agricultural users and operates a small hydroelectric facility at Friant Dam. The District shares a limited portion of its irrigation facilities with the Tri-Valley Water District.

The District's FY 2006 Budget projects revenues of \$5,238,100 from water sales, standby fees, and sale of electricity. Major expenses include \$1,819,000 in water costs and nearly \$2,000,000 in debt service.

The District is party to a number of joint powers authorities. Rate restructuring can take place annually, based on operational costs.

The District realizes benefits of shared facilities in that a portion of its irrigation infrastructure is also utilized by the Tri-Valley Water District. The District is considering annexing that portion of Tri-Valley Water District that shares its facilities, or consolidating with Tri-Valley Water District and Hills Valley Irrigation District. The District has not initiated either of these proposals by submitting an application to LAFCo. No other changes in organization were proposed by the District.

4. Riverdale Irrigation District

- A. Maintain the District's existing Sphere of Influence boundary.

The Riverdale Irrigation District encompasses approximately 15,143 acres (24 square miles) in south-central Fresno County. The District's boundary extends from Kings County on the south to near Mt. Whitney Avenue on the north, and from the unincorporated Community of Riverdale on the east to Dickenson Avenue on the west. The District's boundaries and its Sphere of Influence are coterminous.

The District is governed by a three-member Board of Directors elected by Divisions. It has two full-time and one part-time employee.

The District provides irrigation water for agriculture through a series of canals. District assets include canals, an office, and shop buildings.

The District's FY 2006-07 Budget projects \$268,500 in revenues, almost all of which comes from assessments. The District charges \$19.50 per acre for irrigation water.

The District participates in a joint-powers authority for liability, property, and workers compensation insurance. No additional significant cost avoidance opportunities or opportunities for shared facilities were identified in this review.

The District does not propose any changes to its boundary or Sphere of Influence.

5. Tranquillity Irrigation District

- A. Maintain the District's existing Sphere of Influence boundary.
- B. Direct LAFCo staff to pursue the possible advantages of Tranquillity Irrigation District's annexation of lands within the Fresno Slough Water District and concurrent detachment from the Fresno Slough Water District - or consolidation of the two Districts.

The Tranquillity Irrigation District encompasses approximately 10,750 acres (17 square miles) in western Fresno County. The District is located west of the City of San Joaquin. It shares a common boundary with the James Irrigation District on the east. The unincorporated community of Tranquillity is located within the District's boundary. The District's boundary and its Sphere of Influence are nearly coterminous.

The District is governed by a three-member Board of Directors, elected at large. It is administered by a General Manager and has seven full-time, one seasonal, and one contract employee.

The District provides groundwater for irrigation of agriculture and water for domestic uses. It does not provide water for groundwater banking or recharge purposes.

The District's FY 2006-07 Budget projects \$1,488,266 in revenues—the great majority of which is derived from the sale of water with remaining revenues coming from assessments, equipment rental, and interest. The District indicates that its funding is adequate to properly maintain its facilities.

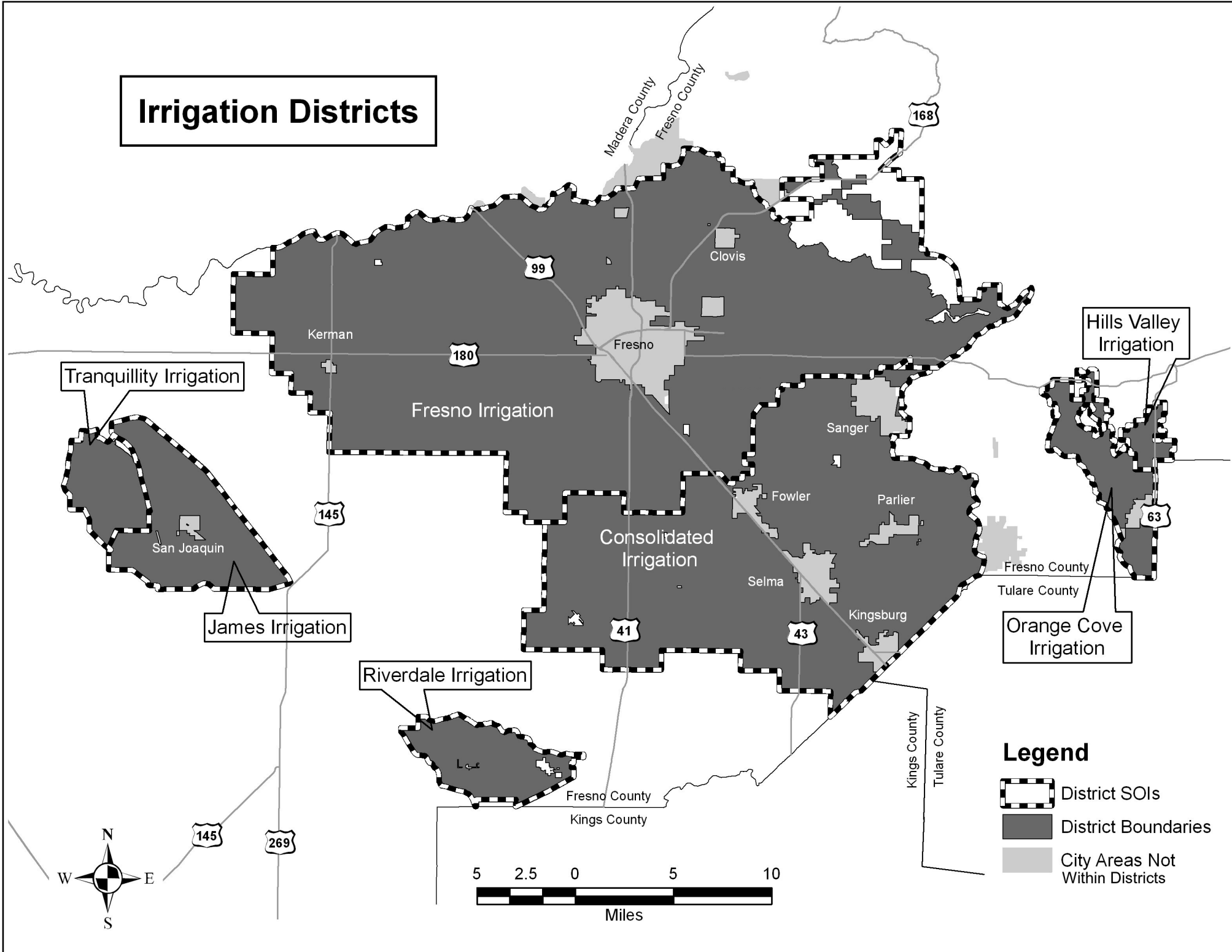
The District operates and maintains the Fresno Slough Water District. The District states that consideration has been given to dissolving the Fresno Slough Water District and then annexing that District's territories.

The District has also considered consolidation with the adjacent James Irrigation District, but has not determined how to divest itself of its drinking water system so that it would exclusively be a provider of agricultural water, and would no longer provide water for domestic use.

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 Reviews 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".
- B. Find the Municipal Service Reviews and Sphere of Influence Updates prepared for the Consolidated, Fresno, Orange Cove, Riverdale, and Tranquillity Irrigation Districts are complete and satisfactory.
- C. Find that the written determinations within the Municipal Service Reviews and Sphere of Influence Updates satisfy State Law.
- D. Pursuant to Government Code Sections 56425 and 56430 adopt the determinations as presented in the Municipal Service Review and Sphere of Influence Update documents.
- E. Direct LAFCo staff to pursue the possible advantages of consolidation of the Orange Cove Irrigation District, Tri-Valley Water District, and the Hills Valley Irrigation District.
- F. Direct LAFCo staff to pursue the possible advantages of Tranquillity Irrigation District's annexation of lands within the Fresno Slough Water District and concurrent detachment from the Fresno Slough Water District - or consolidation of the two Districts.
- G. Waive LAFCo fees associated with consolidating Orange Cove Irrigation District, Hills Valley Irrigation District, and Tri-Valley Water District.
- H. Waive LAFCo fees associated with the suggested Tranquillity Irrigation District and Fresno Slough Water District reorganization.

Irrigation Districts



Legend

- District SOIs
- District Boundaries
- City Areas Not Within Districts



RESOLUTION NO. MSR-07-8

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

In the Matter of

LAFCo Determination

RESOLUTION MAKING DETERMINATIONS AND ADOPTING MUNICIPAL SERVICE REVIEWS; AND UPDATING SPHERE OF INFLUENCE FOR THE FRESNO, ORANGE COVE, RIVERDALE, AND TRANQUILLITY IRRIGATION DISTRICTS)	MAKE DETERMINATIONS AND ADOPT MUNICIPAL SERVICE REVIEWS; AND UPDATE SPHERE OF INFLUENCE FOR THE FRESNO, ORANGE COVE, RIVERDALE, AND TRANQUILLITY IRRIGATION DISTRICTS
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WHEREAS, pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Section 56425 et. Seq.) the Fresno Local Agency Formation Commission is required to review and update, as necessary, Spheres of Influence of local agencies not less than once every five years; 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; and

WHEREAS, notice of this Commission's hearing of said request was duly given in a publication of general circulation as required by the Cortese-Knox-Hertzberg Government Reorganization Act of 2000 and State law, and at the time and in the form and manner provided by law; and

WHEREAS, the Commission has heard, discussed and considered all relevant evidence, including but not limited to the Executive Officer's *Municipal Service Review and Sphere of Influence Update Report*, environmental documentation, applicable land use plans and all testimony, correspondence and exhibits received during the public hearing process, all of which are included herein by reference.

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 Reviews 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".

Section #2. This Commission finds the Municipal Service Reviews and Sphere of Influence Updates prepared for the Fresno Irrigation District, Orange Cove Irrigation District, Riverdale Irrigation District and Tranquillity Irrigation District are complete and satisfactory.

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

Section #4. Pursuant to Government Code Sections 56425 and 56430 this Commission hereby adopts the determinations as presented in the Municipal Service Review and Sphere of Influence Update documents.

Section #5. 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 approval of this Proposal, as required by State law.

* * * * *

ADOPTED THIS 11th DAY OF JULY, 2007, BY THE FOLLOWING VOTE:

AYES: Commissioners Fortune, Rodriguez, Anderson, Larson, Lopez

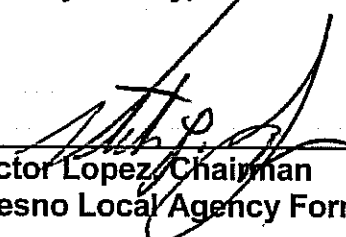
NOES: None

ABSENT: None

**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 11th day of July, 2007.



Victor Lopez, Chairman
Fresno Local Agency Formation Commission

IRRIGATION DISTRICTS

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

July 2007

This report was prepared for the Fresno Local Agency Formation Commission (LAFCO) in accordance with Section 56430 of the California Government Code. It responds to the requirement that LAFCO conduct a Municipal Service Review (MSR) to study the delivery of municipal services and update Spheres of Influence.

There are seven Irrigation Districts in Fresno County (see District Map). Five of these Districts are considered within this report. All of these Districts operate pursuant to the Irrigation District Law (Water Code, Section 20500 et seq.).

- Consolidated Irrigation District encompasses approximately 144,000 acres (225 square-miles) on both sides of SR 99 in southeastern Fresno County. The District extends from Tulare County on the south to the City of Sanger on the north, the City of Reedley on the east to a line nearly paralleling Marks Avenue on the west. It shares a common boundary with the Fresno Irrigation District on the north.
- Fresno Irrigation District encompasses approximately 245,000 acres (383 square-miles) within the northern portion of Fresno County. The District includes portions of the Fresno-Clovis Metropolitan Area. It extends from Madera County on the north, near the City of Kerman on the west, the Cities of Fowler and Sanger on the south, and the Sierra Foothills on the east. It shares a common boundary with the Consolidated Irrigation District..
- Orange Cove Irrigation District encompasses approximately 28,000 acres (44-square miles) in southeastern Fresno County. The District extends from the Tulare/Fresno County line on the south to State Route 180 on the north and includes the City of Orange Cove.
- Riverdale Irrigation District encompasses approximately 15,143 acres (24 square-miles) in South-Central Fresno County. It extends from Kings County on the south, to near Mt. Whitney Avenue on the north, and from a point near the unincorporated Community of Riverdale's eastern boundary to Dickenson Avenue on the west.
- Tranquility Irrigation District encompasses approximately 10,750 acres (17 square miles) of primarily agricultural land in the western portion of Fresno County. The District is located west of the City of San Joaquin. It shares a common boundary with the James Irrigation District on its east side. The unincorporated Community of Tranquillity is located within the District's boundaries.

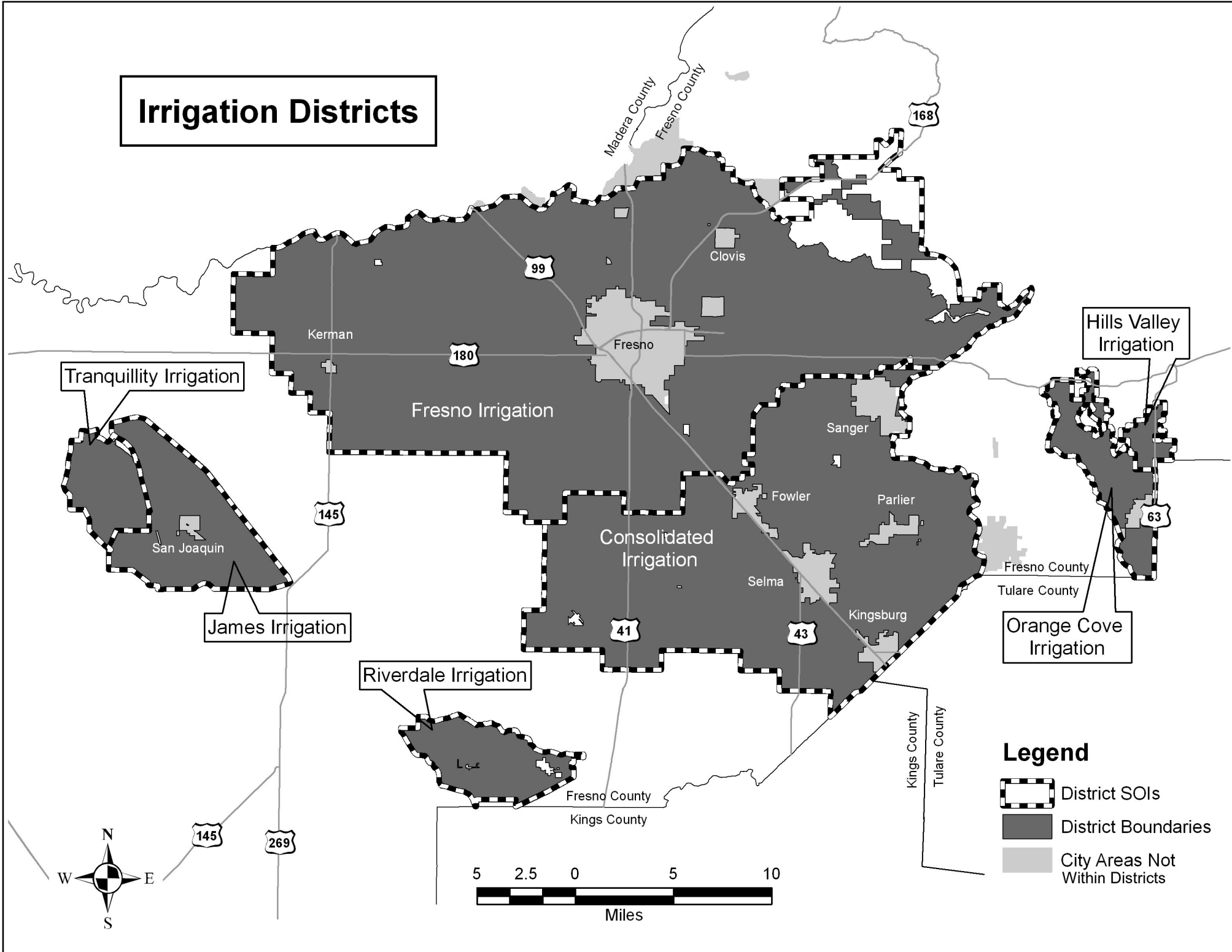
MSRs prepared for the Hills Valley and James Irrigation Districts will be considered at a subsequent hearing.

Written determinations regarding the MSR and Sphere of Influence Updates are provided for the Commission's consideration. This report is an informational document and does not substitute for discretionary decisions that can only be made by the Commission. The decision to approve or disapprove any determinations or policies rests entirely with the Commission.

This report is subject to reconsideration and revision as directed by the Fresno LAFCo staff or by the Commission during the course of its deliberations.

MSR Guidelines prepared by the State Office of Planning and Research were referred to in developing information, performing analysis and organizing these studies.

Irrigation Districts



RIVERDALE IRRIGATION DISTRICT

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

July 2007

1. MUNICIPAL SERVICE REVIEW

Description of District

The Riverdale Irrigation District was formed in 1920. The District encompasses approximately 15,143 acres (24 square-miles) in south-central Fresno County. The District generally extends from Kings County on the south to near Mt. Whitney Avenue on the north, and from near the unincorporated Community of Riverdale on the east to Dickenson Avenue on the west (see District map).

The District is governed by a three-member Board of Directors elected by Divisions. It has two full-time and one part-time employee.

Its boundaries and Sphere of Influence are coterminous as shown on the District map.

District Services and Background

The District provides irrigation water for agricultural uses.

2. MSR DETERMINATIONS

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

Infrastructure Needs and Deficiencies

District assets include an office, shop buildings, and a system of canals and pipelines.

Growth and Population Projections

District services do not directly facilitate or affect the rate or location of population development.

Financing Constraints and Opportunities

The District is funded primarily by land assessments from properties within its boundaries that benefit from water service. Charges are \$19.50 per acre for irrigation water.

Total projected revenue for Fiscal-Year 2006-07 is \$268,500—almost all of which comes from acreage assessments. There are also significant reserves available for financing the District's operating budget this year.

It appears these financing sources will avoid unmet financial obligations for operations or improvements of District services.

Salaries are projected at \$85,000 and Services and Supplies are budgeted at \$195,230.

Cost-Avoidance Opportunities

The District participates in the Association of California Water Agencies Joint Powers Insurance Authority for liability, property, and workers compensation insurance.

Opportunities for Rate Restructuring

There are annual opportunities to adjust assessments based on costs involved in securing and distributing water.

Opportunities for Shared Facilities

There do not appear to be any significant opportunities to share facilities with other water distribution agencies.

Government Structure Options

There do not appear to be readily advantageous government structure options.

Management Efficiencies

The District exhibits the characteristics of a well-managed agency operating efficiently and serving its customers effectively.

Local Accountability and Governance

An elected three-member Board of Directors governs the District. Board agendas are posted at the District Office.

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's exterior boundaries and Sphere of Influence are coterminous.

No Proposed Sphere Changes

The District proposes no changes in its Sphere of Influence or boundaries.

Sphere of Influence Determinations

Inasmuch as no changes in the Sphere of Influence are proposed at this time it is not necessary for the Commission to adopt or approve Sphere of Influence determinations.

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 Riverdale Irrigation District provided information on which the evaluation is based. Secretary Kim Mayfield was instrumental in providing data.

Available Documentation

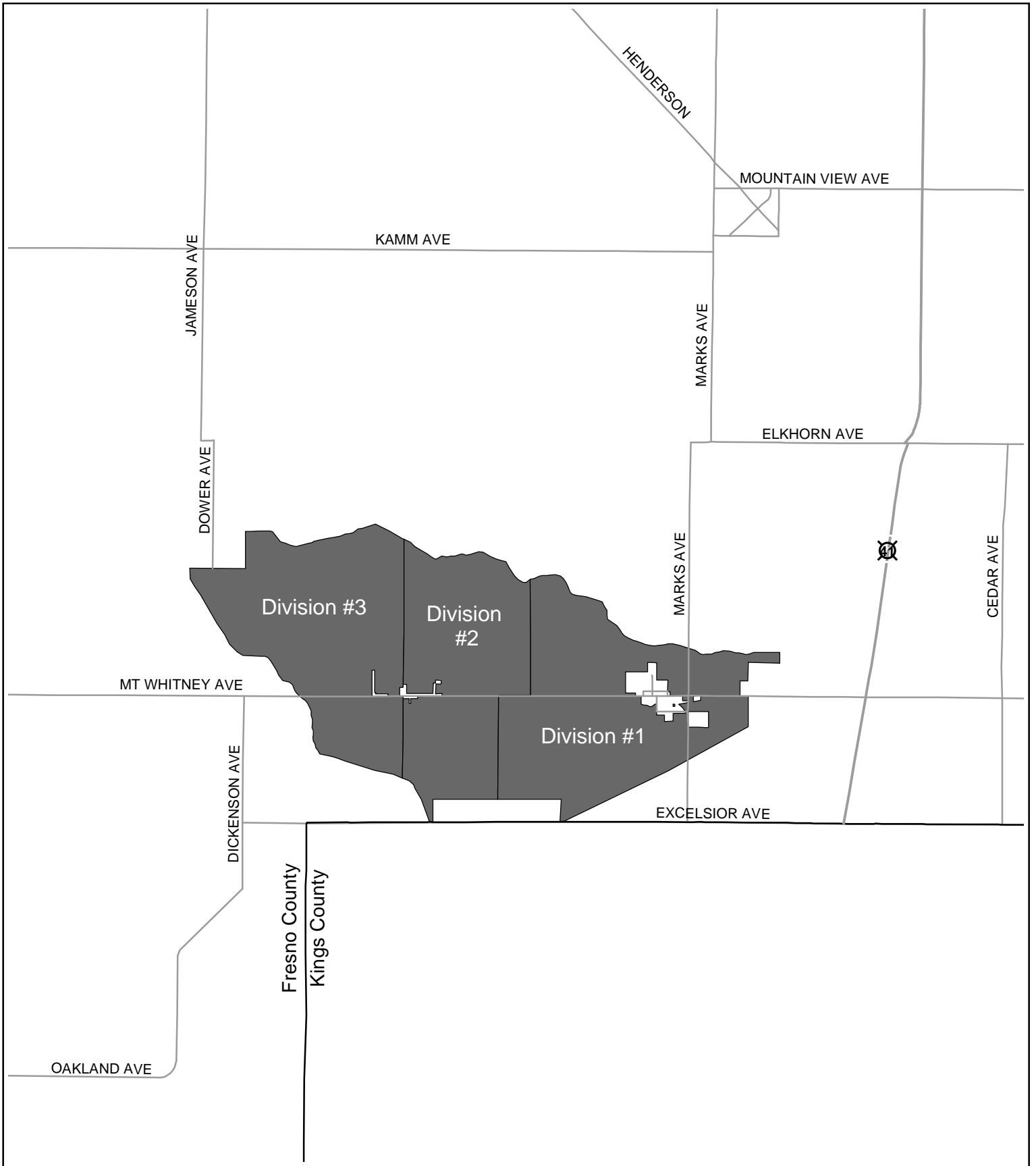
The “Request for Information for Municipal Service Reviews” submitted by the District and supporting documents referred to therein are available in the Fresno LAFCo Office.

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. Affirm the current Sphere of Influence and that it not be revised at this time.

Riverdale Irrigation District



Legend

 District Area and SOI

