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

CONSENT AGENDA ITEM No. 13-C

DATE: December 5, 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 Oro Loma Water District

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) 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 Pacific Municipal Consultants (PMC) to prepare MSRs and SOI Updates for numerous special districts. The attached MSR and SOI Update have been prepared for Oro Loma Water District.

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 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 an SOI update, or adopting an SOI, 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.

There are 18 water districts operating within Fresno County. This report addresses Oro Loma Water District. MSRs and SOI updates prepared for Farmers, Firebaugh Canal, Mercy Springs, and Pleasant Valley Water Districts also appear on today's agenda. MSRs and SOI updates prepared for the 13 additional water districts were approved at prior hearings.

California Government Code Sections 34000 thru 38500 enables the formation of water districts in order to acquire, plan, construct, maintain, improve, operate, and keep in repair the necessary works for the production, storage, transmission, and distribution of water for irrigation, domestic, industrial, and municipal purposes, and any drainage or reclamation works connected therewith or incidental thereto.

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 Oro Loma Water District encompasses approximately 1,258 acres located in northwest Fresno County, near the Fresno/Merced County boundary. The District shares common boundaries with Mercy Springs and Panoche Water Districts. The District was formed in 1953 to provide irrigation water for agricultural uses.

Staff has tried to contact the District multiple times, but has not had any success in having the District fill out and return a questionnaire provided to the District. A District representative did state verbally that the District is not very active and that much of its water goes to the Westlands Water District. No other information was provided, however. As a result, very little information is available from which to produce a thorough Municipal Service Review and to update the District's Sphere of Influence.

Based upon available information, the following determinations and conclusions may be reached:

- It is not known if the District is providing services at this time. The District did not provide any information related to its facilities, infrastructure needs, or deficiencies.
- Growth and population should not be affected by District services.
- The District did not provide any financial information from which to identify financing constraints or opportunities.
- The District did not provide any information from which to identify cost avoidance opportunities.
- The District did not provide any information from which to identify any rate restructuring opportunities.
- The District did not provide any information regarding opportunities for shared facilities.
- The District shares a common boundary with two other water districts, Mercy Springs and Panoche Water Districts, for which Fresno County is the principal county. Consolidation with either of these districts may be a possibility. It is not known if this has been considered by any of the affected districts. Dissolution of the District is another possibility given the fact that the District representative stated the District is relatively inactive and that much of its water goes to Westlands Water District. No specifics were given, however, concerning the District activities from which to make an informed decision on whether the District should be dissolved.
- No information was provided from which an evaluation of the District's management efficiencies might be evaluated.
- The District's Board is elected. No additional information regarding Board of Directors meeting times, noticing, or other information was available.

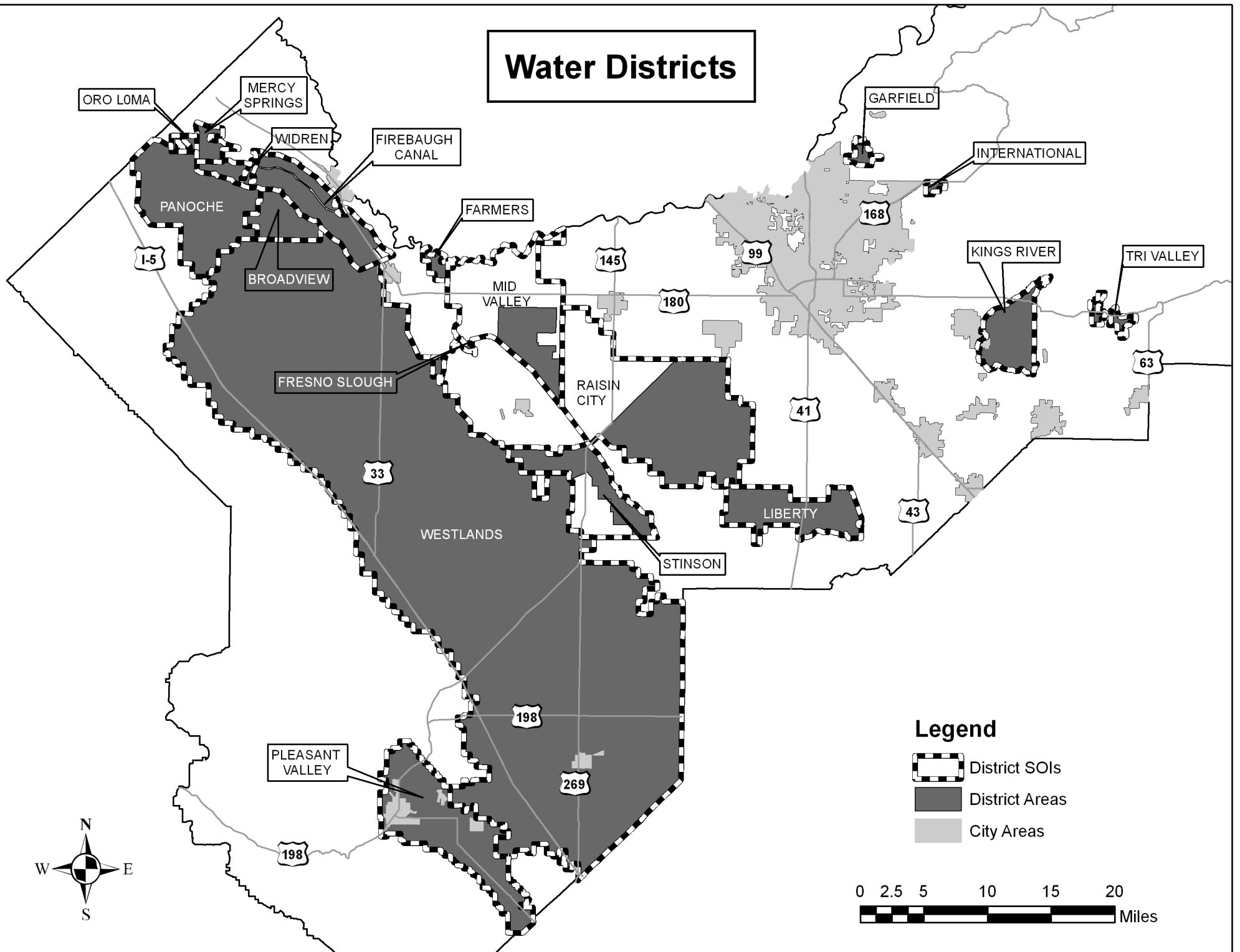
The District's Sphere of Influence is coterminous with the District's boundary. Given that the District did not respond to staff's request for information concerning the District, it is not known if there is a need or desire to revise the District's boundary. Staff recommends that the District's Sphere be updated by affirming its current SOI boundary. Affirmation of the current SOI boundary will not impose a burden on the District if it is providing necessary services, nor will it allow the District to serve any additional area.

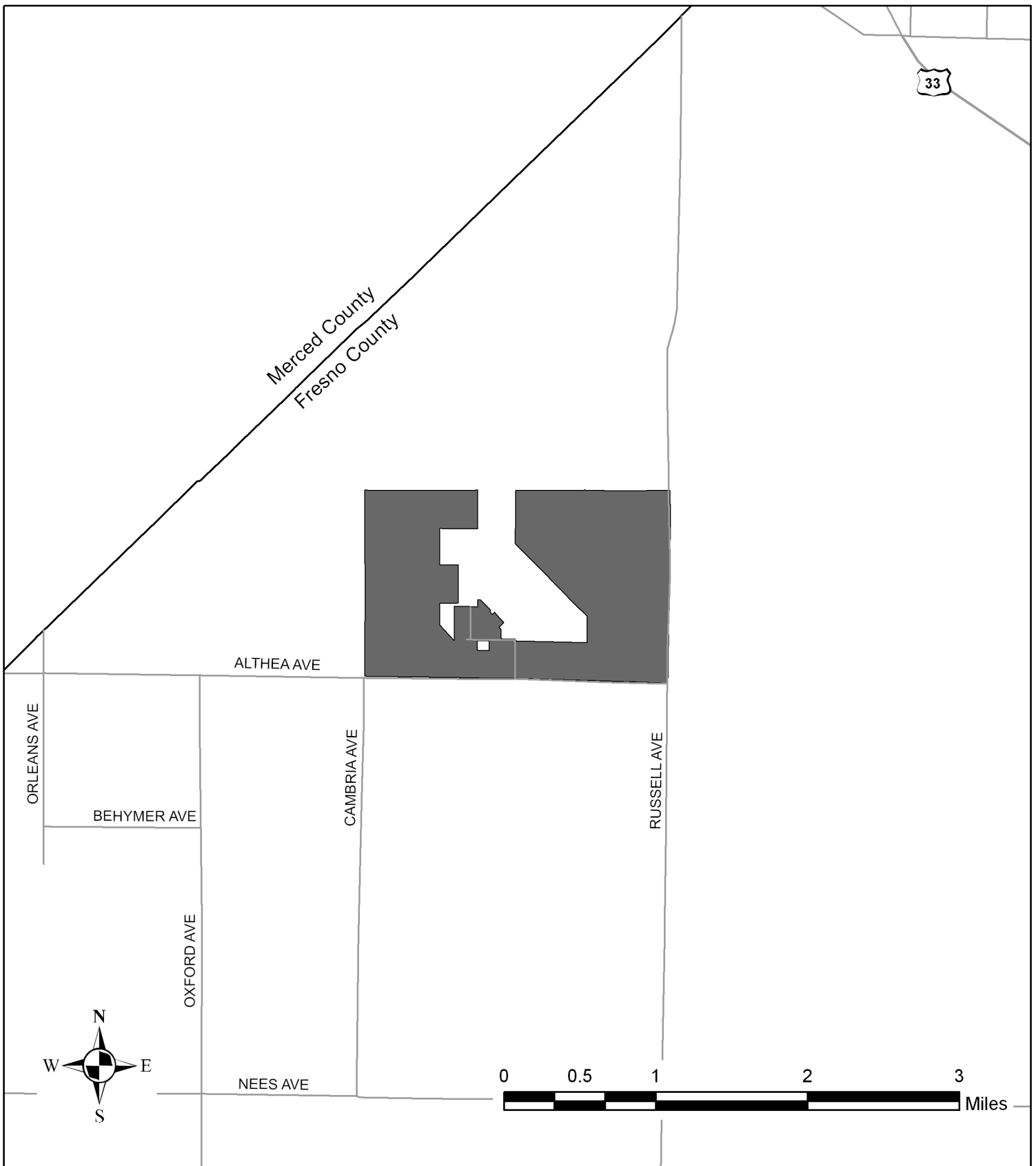
Recommendations:

- 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 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).

- B. Find the Municipal Service Review and Sphere of Influence Update prepared for the Oro Loma Water 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 Sphere of Influence Update, adopt the Municipal Service Review prepared for the Oro Loma Water District by PMC, and update the Sphere of Influence for said District by reaffirming its current boundary.
- E. Direct staff to continue efforts of seeking additional information from the District in efforts of revising the Municipal Service Review as determined to be appropriate and present said revision to the Commission.

Water Districts





Fresno Local Agency Formation Commission Oro Loma Water District

Legend

 District Area and SOI

District Formed: 1953
 SOI Adopted: 11/26/1975
 Map Date: October 2007

District Area: 1,258 Acres
 Sphere Area: 1,258 Acres

RESOLUTION NO. MSR-07-48C

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

In the Matter of

LAFCo Determination

RESOLUTION MAKING DETERMINATIONS AND ADOPTING MUNICIPAL SERVICE REVIEW; AND MAKING DETERMINATIONS AND UPDATING SPHERE OF INFLUENCE FOR THE ORO LOMA WATER DISTRICT)	MAKE DETERMINATIONS AND ADOPT MUNICIPAL SERVICE REVIEW; AND MAKE DETERMINATIONS AND UPDATE SPHERE OF INFLUENCE FOR THE ORO LOMA WATER DISTRICT
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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 (SOI); and

WHEREAS, the Executive Officer prepared a Municipal Service Review (MSR) and Sphere of Influence Update for the Oro Loma Water District; 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 Local 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 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 finds 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 Oro Loma Water District 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. Pursuant to Government Code Sections 56425 and 56430, this Commission makes the required determinations for the Municipal Service Review and Sphere of Influence Update, adopts the Municipal Service Review prepared for the Oro Loma Water District by PMC, and updates the Sphere of Influence for said District by reaffirming its current boundary.

Section #5. Direct staff to continue efforts of seeking additional information from the District in efforts of revising the Municipal Service Review as determined to be appropriate and present said revision to the Commission.

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 approval of this Proposal, as required by State law.

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ADOPTED THIS 5th DAY OF DECEMBER, 2007, BY THE FOLLOWING VOTE:

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

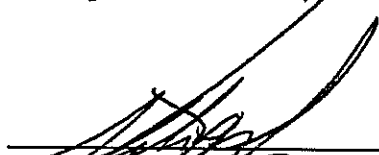
NOES: None

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 5th day of December, 2007.



**Victor Lopez, Chairman
Fresno Local Agency Formation Commission**

ORO LOMA WATER DISTRICT

MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE

Report to the
Fresno Local Agency Formation Commission

Prepared by:

PMC
2729 Prospect Park Drive
Rancho Cordova, CA 95670

December 2007

1.0 EXECUTIVE SUMMARY

I. ROLE AND RESPONSIBILITY OF LAFCO

The Cortese-Knox-Hertzberg (CKH) Local Government Reorganization Act (Government Code Section 56000 *et seq*) requires all Local Agency Formation Commissions (LAFCOs), including Fresno LAFCo, to conduct municipal service reviews (MSR) prior to updating the spheres of influence (SOI) of the various cities and special districts in the County, excluding community facility districts and school districts (Government Code Section 56430). The fundamental role of a LAFCo is to implement the CKH Act, providing for the logical, efficient, and most appropriate formation of local municipalities, service areas, and special districts. The focus of this MSR is to provide LAFCo with all necessary and relevant information related to the provision of services by the Oro Loma Water District.

II. MUNICIPAL SERVICE REVIEW PROCESS

The Municipal Service Review (MSR) and Sphere of Influence Update (SOI Update) process is a comprehensive assessment of the ability of government agencies to effectively and efficiently provide services to residents and users. The form and content of the MSR/SOI Update is governed by requirements of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) and the State of California's LAFCo MSR Guidelines (Guidelines), published in August 2003.

This MSR/SOI Update evaluates the structure and operation of the service providers and discusses possible areas for improvement or coordination. Key sources for this study were information gathered through research and interviews, as well as the Municipal Service Review Guidelines published by the Governor's Office of Planning and Research (OPR). This MSR/SOI Update has been prepared for Fresno LAFCo in accordance with the requirements of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 as a means of identifying and evaluating public service providers within Fresno County and possible changes to their Sphere of Influence (SOI).

III. PURPOSE OF THE MUNICIPAL SERVICE REVIEW

The MSR contains analysis and conclusions, referred in this document as determinations, regarding nine topic areas set forth in the CKH Act. These areas of analysis contain the essential operational and management aspects of each service provider, and together constitute a review of the ability of each provider to meet the service demands of the residents within their existing and potentially expanded boundary. The topic areas represent the nine required topic areas set forth in the CKH act. Each report contains the following sections:

Growth and Population

This section reviews projected growth within the existing service boundaries of the special district and analyzes the growth potential within the service area and surrounding areas.

Infrastructure

This section analyzes whether sufficient infrastructure and capital are in place, and reviews capabilities for accommodating future growth in service demands.

Financing Constraints and Opportunities

This section evaluates the way the district is funded and possible opportunities to increase funding if needed.

Cost Avoidance Opportunities

This section evaluates factors affecting the financing of needed improvements, including outstanding opportunities and utilized opportunities for service providers to reduce costs.

Rate Restructuring

The fiscal history of the service provider and rate structure is evaluated to determine viability and ability to meet existing and expanded service demands.

Opportunities for Shared Facilities

This section evaluates the existing sharing of facilities and the ability to share facilities with other service providers.

Evaluation of Management Efficiencies

This section evaluates the overall managerial practices.

Government Structure

This section evaluates the ability of the service provider to meet its demands under its existing government structure. This includes discussion of potential reorganizations or other forms of governance that may result in the more efficient provision of services to local residents.

Local Accountability

This section examines how well the service provider makes its processes transparent to the public and invites and encourages public participation.

IV. SERVICE PROVIDERS

This document contains MSRs/SOI Updates for Oro Loma Water District. The determinations and findings reached are based upon surveys of agency representatives, meetings, and assessments of existing documents.

Water Districts

Water Districts are dependent special districts formed pursuant to Division 12 of the California Water Code. This MSR analyzes the Oro Loma Water District.

1.0 ORO LOMA WATER DISTRICT

Oro Loma Water District encompasses 1,258 acres located in northwestern Fresno County at the intersection of Althea and Russell Avenues. The District shares a common boundary with Mercy Springs Water District to the east and Panoche Water District to the south. The District is authorized to provide irrigation water for agricultural uses.

Fresno Local Agency Formation Commission (LAFCo) contacted Oro Loma Water District on at least four separate occasions, in order to request information for the completion of the Municipal Services Review (MSR). The only information obtained to date was a verbal statement from the District's representative, who stated that the District is not active at this time and that much of its water goes to Westlands Water District. LAFCo's final attempt at collecting more complete information from Oro Loma Water District was made on September 13, 2007. The District was made aware of rules and regulations pertaining to LAFCo's responsibility to complete the MSRs and associated Sphere of Influence (SOI) updates. Further, Oro Loma Water District was made aware that the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires districts to comply with requests for information from LAFCo. The Act also requires that districts provide any documents or other forms of information that are necessary to assist LAFCo in its duties.

LAFCo's communication with Oro Loma Water District notified the District of the upcoming deadline for the completion of SOI updates. SOI updates must be completed for all districts within the State of California on or before January 1, 2008. In order to complete the SOI updates, MSRs for each district must be completed. Oro Loma Water District's failure to provide information is in violation of the Cortese-Knox-Hertzberg Local Government Reorganization Act.

Despite numerous attempts made by LAFCo, the representatives from the Oro Loma Water District failed to provide sufficient information necessary to complete this Municipal Service Review/Sphere of Influence Update. LAFCo also notified Oro Loma Water District that LAFCo is empowered to initiate consolidation, dissolution and merger of special districts. As part of each MSR, LAFCo must evaluate whether or not adequate services are being provided to the territories encompassed by each district. An inability to provide information may indicate problems with a district's abilities to provide adequate services. LAFCo may consider consolidation, dissolution or merger of Oro Loma Water District, however; LAFCo indicated that the commission would not want to reach such a conclusion without considering information provided by the District.

LAFCo is required to review and update Spheres of Influence every five years, therefore; even though the District did not provide requested information the Commission is obligated to update its sphere. Sphere of Influence Recommendations and Municipal Service Review Determinations are presented below.

SPHERE OF INFLUENCE REVIEW AND RECOMMENDATIONS

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." The Sphere of Influence (SOI) recommendations analyze the appropriateness of the District's SOI boundaries, relative to the capabilities of the service provider and future growth.

As shown in **Figure 5.11-1**, the District's boundaries are coterminous with the District's SOI. It is recommended that no changes are made to the District's Sphere of Influence;

- 1) The present and planned land uses in the area, including agricultural and open space lands.

Land uses within the District are unknown. No land uses within the District would be changed by affirming the District's current SOI.

- 2) The present and probable need for public facilities and services in the area.

The need for public facilities and services is not known. If the District provides service within its boundaries, no new service demands would be created by affirming the District's current SOI.

- 3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

The capacity of District to provide services facilities is not known. The District's service capability would not be changed by affirming the District's current SOI.

- 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.

Social or economic communities of interest to the District are not known. Affirming the District's current SOI would not result in the annexation of any additional areas into the District's service area.

MUNICIPAL SERVICE REVIEW DETERMINATIONS

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

Infrastructure Needs and Deficiencies

The District did not provide information about its infrastructure needs, facilities or deficiencies.

Growth and Population Projections

District services do not affect rates or location of development or population growth.

Financing Constraints and Opportunities

The District did not provide its budget or any financial information.

Cost-Avoidance Opportunities

The District did not provide information upon which to base cost-avoidance conclusions.

Opportunities for Rate Restructuring

The District did not provide information regarding opportunities for rate restructuring in the operations of the District.

Opportunities for Shared Facilities

The District did not provide information regarding opportunities for shared facilities.

Government Structure Options

The District is located adjacent to Mercy Springs Water District to the east and Panoche Water District to the south. Absent additional information concerning the District, it is not known whether consolidation with either of these two districts, or another water district might be a possible alternative government structure. Neither is it known if dissolution of the District is possible, since it is not known if the District is providing any necessary services.

Management Efficiencies

The District did not provide information upon which to evaluate management efficiencies in the operations of the District.

Local Accountability and Governance

The District did not provide information regarding District board meetings or notices.

BIBLIOGRAPHY

Lopez, Victor; Chairman, Fresno LAFCo. Written communication, RE: Final Information Request for Municipal Service Reviews. September 13, 2007.

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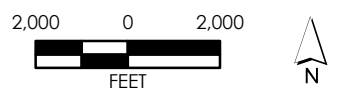
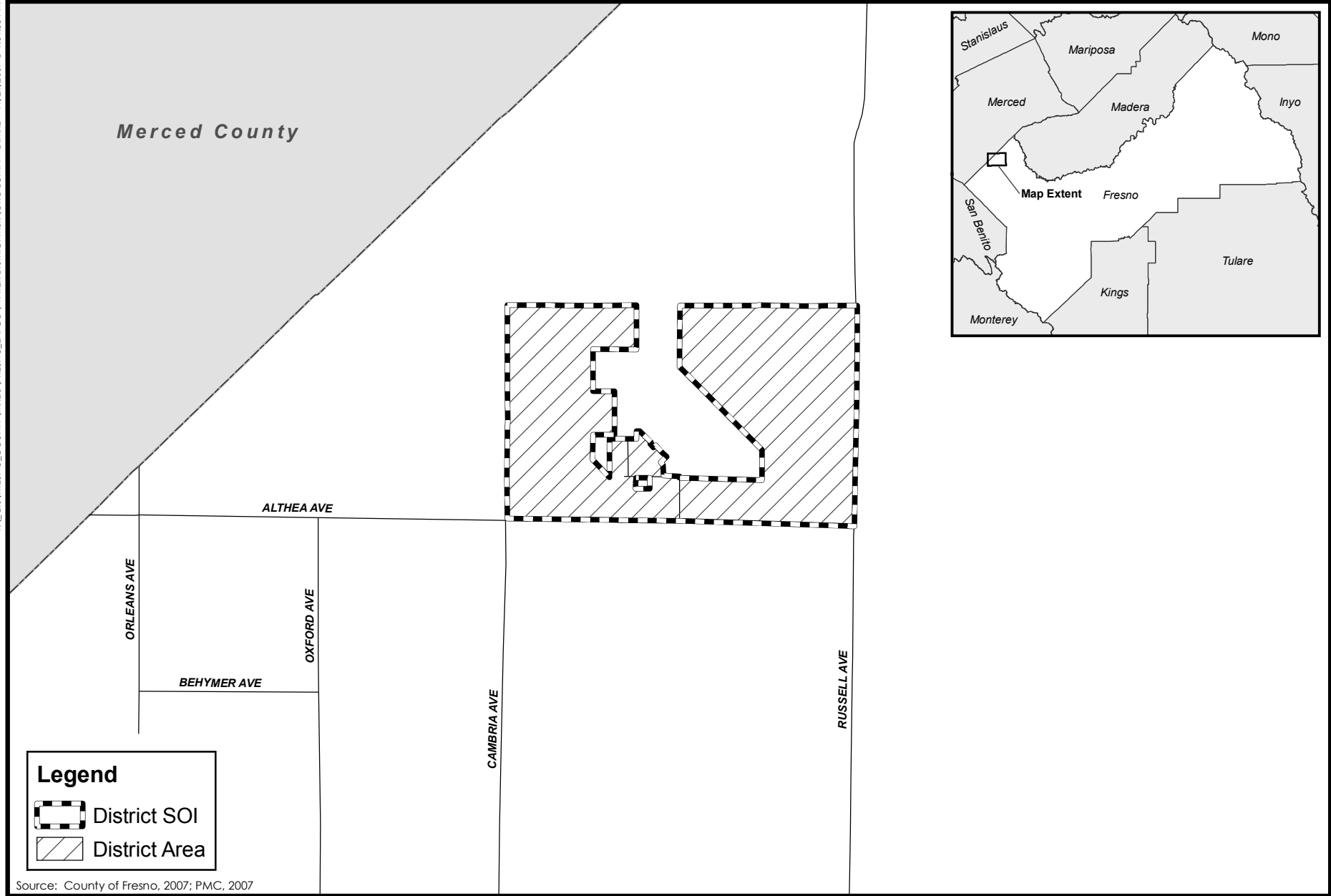


Figure 5.11-1
Oro Loma WD
PMC