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

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AGENDA ITEM NO. 6

**DATE:** April 8, 2020

**TO:** Fresno Local Agency Formation Commission

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

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

**SUBJECT:** **Consider Adoption:** Municipal Service Review and Sphere of Influence Update for the City of Reedley. File No. RSOI-195 (Reedley SOI Update).

**Attachment A** – Reedley SOI Update Map

**Attachment B** – Draft Reedley MSR and SOI Update

**Attachment C** – Notice of Exemption, Reedley MSR

**Attachment D** – Notice of Determination, Reedley SOI Update CEQA Findings

**Attachment E** – Reedley SOI Determinations

**Recommendations:** Adopt the Municipal Service Review (“MSR”) prepared for the City of Reedley and update the Reedley sphere of influence (“SOI”) by taking the following actions:

**Action 1: Reedley Municipal Service Review**

- A. Acting as Lead Agency pursuant to California Environmental Quality Act (“CEQA”) Guidelines find that the MSR prepared for the City of Reedley is Categorically Exempt from the provisions of CEQA under section 15306, “Information Collection.”

**Action 2: Reedley SOI Update, LAFCo File No. RSOI-195**

- B. Acting as Responsible Agency pursuant to CEQA Guidelines, find that prior to approving the Reedley SOI update, the environmental effects of the Proposal as shown in the 2030 Reedley General Plan Environmental Impact Report SCH No. 2010031106, and subsequent environmental assessment for the Frankwood-South SOI update (EA No. 2017-1) prepared and certified by the City of Reedley as Lead Agency, were reviewed and considered, and determine these documents to be legally adequate pursuant to CEQA Guidelines section 15096 (Attachment D).

**Action 3: Written Determinations and Recommendations**

- C. Receive this report and any public testimony regarding the proposed Municipal Service Review and proposed sphere of influence update.
- D. Find that the Municipal Service Review is exempt from the California Environmental Quality Act pursuant to CEQA Guidelines section 15306 (Information Collection).
- E. Approve the recommended Municipal Service Review determinations, together with any changes deemed appropriate.

- F. Approve the recommended sphere of influence update determinations (Attachment E) together with any changes deemed appropriate.
- G. Find that Fresno LAFCo, as a Responsible Agency pursuant to the California Environmental Quality Act ("CEQA") considered the certified 2030 Reedley General Plan Update EIR (SCH No. 2010031106) prepared by City of Reedley, Lead Agency, for its review and comprehensive update of the Reedley SOI.
- H. Find that as a Responsible Agency, Fresno LAFCo reviewed and considered the subsequent Environmental Assessment (EA 2017-1, Fresno County Clerk No. E201910000003) prepared by the City of Reedley, Lead Agency, for its review and update of the Frankwood-South Reedley SOI update; and, LAFCo anticipates that urban development within the affected area would be developed as contemplated by the 2030 Reedley General Plan.
- I. Determine that the Reedley SOI update is consistent with the 2030 Reedley General Plan, and the environmental assessment for Frankwood-South Reedley SOI update, has been adequately considered by the subsequent Environmental Assessment 2017-1 (EA 2017-1, Fresno County Clerk No. E201910000003).
- J. Revise the Reedley SOI to include 178 acres consisting of two non-contiguous locations; the Reedley Municipal Airport (138 acres) and the Northeast corner of Frankwood-South Avenues (40 acres), as depicted in Figure 2 of the MSR.
- K. Recommendations to the City of Reedley:
  - a. That the City to continue to monitor and explore solutions to account for emerging rate increases to its CalPERs pension liability. (Agency Finances, Pension and Other Long-Term Liabilities)
  - b. That the City continue to focus on projects that produce incremental savings, however compound over time into significant dollars. (Agency Finances, Financial Trend Indicators)
  - c. That the City continue the Reedley Farmland Preservation Program that assesses outward City growth and provides farmland protection strategies to preserve and minimize impacts to agriculture land. (Agriculture Preservation, Williamson Act)
  - d. That the City comprehensively update of the 2020 Airport Master Plan – coordinate a regional collaborative with existing partners such as William Robert Johnston Municipal Airport, City of Mendota; Chandler Airport, City of Fresno; Reedley City College, California Energy Commission San Joaquin Valley Clean Transportation Center, and Mazzei Flying Services. (Airport Facilities, Planned Improvements)
  - e. That the City of Reedley continue its assessment to identify the main source of annual distribution system water loss (i.e. unauthorized consumption, real loss, administrative errors, data handling errors, metering inaccuracies, system failures, or leaks), adopt performance measures, and solutions to mitigate its reported water loss. (Water Service)
  - f. That the City strategically plan for the eventual annexation of the unincorporated George Cox Neighborhood as the logical service provider in the area. (SOI Determinations)
  - g. That the City of Reedley consider an SOI update application to LAFCo to include the remaining locations identified in its 2017 County/City MOU, as depicted on Figure 3-10 of

the MSR, which has been planned for urban uses by the 2030 Reedley General Plan. (Growth and Population Projections, Future Sphere of Influence Updates)

**Proponent:** City of Reedley, Rob Terry, Community Development Director  
David Duda, 4Creeks, Inc., Landowner's Planning Consultant

### **Executive Summary**

This MSR has been prepared in response to the City of Reedley's Frankwood-South SOI update application filed with Fresno LAFCo on September 6, 2019 (LAFCo File No. RSOI-195). The City requests the 178-acre expansion of the existing Reedley SOI to accommodate two noncontiguous areas that are summarized as follows (shown in Attachment A):

- *Frankwood-South SOI update:* The 40-acre property is located immediately north of the city limits and the Reedley SOI, north of South Avenue and east of Frankwood Avenue.<sup>1</sup> Existing land uses consist of agricultural operations and the parcel is identified in the County's AE-20 (Exclusive Agriculture) zone district. Of the 40 acres, the Reedley 2030 General Plan designates 37 acres as Low Density Single-Family Residential and three acres as Neighborhood Commercial.
- *Reedley Municipal Airport SOI:* The 138-acre was annexed into the City of Reedley in 1980; however, the site has not been included in the Reedley SOI in previous LAFCo studies. The Reedley Municipal Airport ("Airport") is a public facility located on a non-contiguous parcel approximately three miles north of the City limits, along Frankwood Avenue and south of Central Avenue. A SOI determination for the Airport is consistent with the City's planned land uses, and consistent with the adopted 2030 Reedley General Plan.

Updating the Reedley SOI will facilitate the City's subsequent application to annex the 40-acre parcel into the City of Reedley.<sup>2</sup> Given that the City owns and has investment in the Airport; the City envisions future facility expansions that may consider annexation/s, it is therefore appropriate to depict the Airport within the updated Reedley SOI.

### **Overview of Reedley MSR**

The City of Reedley incorporated in 1913. Between 1942 and 2019, the City of Reedley recorded 112 annexations. With the exception of the Airport, Reedley's city limits are uniform; there are no unincorporated islands or peninsulas at the fringe of the City limits. Reedley's corporate limits encompass approximately 3,535 acres within the 4,760-acre Reedley SOI. Approximately 74 percent of the land identified within the existing Reedley SOI has been annexed into the City.

As of May 2019, the California Department of Finance ("DOF") estimates that the Reedley has a population of approximately 26,666, which indicates a 0.4 percent increase from Reedley's 2018 population of 26,556. The City estimates that between 193 and 223 people live in unincorporated land within the Reedley SOI. Reedley is the fourth largest City in Fresno County based on population estimates. Based on its incorporated acreage, Reedley is the sixth largest City in the County. The 2030 Reedley General Plan assumes a three percent growth rate for the City through year 2030.

The City of Reedley is a general law city with a "council-manager" form of government. The City is governed by a five-member elected council, each representing a geographically defined district within

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<sup>1</sup> Assessor Parcel Number: 363-220-01.

<sup>2</sup> Frankwood-South Reorganization, File No. RO-19-7.

the City limits. There are eight (8) advisory boards created by the Reedley City Council that provide a platform for residents to participate in the City's governmental process.

The City Council has an appointed City Manager who is responsible to oversee the daily operations of the City. The City Manager has a cabinet comprised of two divisions: City Clerk and the City Manager's Executive Administration Team. The Executive Administration Team consists of the seven departments that advise the City Manager on all city projects, plans, service needs, and grant funding opportunities. The Executive Administration Team includes the Administration Services Director, Community Service Director, Community Development Director, the City Engineer, Fire Chief, Police Chief, and Public Works Director.

The City delivers municipal services with a combination of staff, contracts with other agencies, and contracts with consultants and/or private contractors. The City currently employs a total of 124 full-time equivalent ("FTE") personnel assigned to the seven major City departments. According to the MSR, for Fiscal Year 2019-20, Reedley's adopted a balanced budget that totaled to \$38.5 million.

The MSR provides information and analysis for the requested 178-acre expansion of the Reedley SOI comprised of the Frankwood-South territory and the Airport. The affected territory consists of two noncontiguous parcels, one is owned by a private landowner and the other is owned by the City. In total, the recommended Reedley SOI update represents a 3.7 percent growth change to the recommended Reedley SOI update. Majority of the growth increase is attributed to the inclusion of the existing Airport site to the Reedley SOI.

The MSR analyzes the existing Reedley SOI, the City's service levels, reports on 14 services being provided within Reedley, their capacities, government structure, and its municipal service planning efforts to extend its service provisions into the Reedley SOI update area. The 2030 Reedley General Plan was adopted by the City Council on February 25, 2014. The Reedley General Plan accounts for the City's growth through 2030. The 2030 Reedley General Plan establishes the City's land use foundation through a vision that was created through cooperative efforts involving the City Council, Planning Commission, City staff, and the community.

The requested 178-acre Reedley SOI expansion is located within the Reedley General Plan's Study Area, and the City designates planned land uses for all territory proposed to be included in the updated Reedley SOI. The following points summarize the requested Reedley SOI update.

- **Frankwood-South SOI update (40-acres)** is being requested for inclusion to the Reedley SOI in an effort for the City to accommodate additional territory planned for much needed single family residential units and a neighborhood commercial development. The land consists of one parcel that is owned by one private landowner. Approximately 37-acres is planned to accommodate a 154-lot single family residential subdivision that has the potential to increase Reedley's population by 562 new residents.

The remaining three acres are pre-zone Neighborhood Commercial, and the City has the option to develop either a commercial or mix-used project. In part, the City informed LAFCo that the proposed Frankwood-South SOI update has the potential to increase Reedley's population by either 562 residents or a potential high of 726 residents depending on whether the mix-used option includes additional residential dwelling units. Additional information is provided in Section 3 of the MSR, Growth and Population Projections.

- **Reedley Municipal Airport (138-acres)** during the preparation of the MSR update, LAFCo staff observed that the 138-acre noncontiguous Airport site has not been included in the Reedley SOI.



The Reedley General Plan and Zone Map designate the Airport facility as existing public/institutional facility. During the MSR process, City officials informed LAFCo that recent capital improvements at the Airport have boosted economic interests from various agencies that are exploring the feasibility of advanced electrified aviation technology. Based on the recent market interest, the City plans to schedule a comprehensive update of the Reedley 2020 Airport Master Plan, which would likely consider opportunities for future facility expansions to accommodate the emerging field of electric aviation. If the City were to desire a future annexation to expand the airport site, such proposal would need to be consistent with the Reedley SOI. It is, therefore, appropriate for the Commission to determine a SOI around the existing Airport site. Additional information is provided in Section 6 of the MSR, Municipal Airport Facility.

The City determined that the two parcels to be included in the proposed Reedley SOI update would facilitate orderly urban development as planned in the 2030 Reedley General Plan and assist the City to achieve its planned goals and objectives.

### **MSR Discussion**

MSRs are used by the LAFCo to collect information and evaluate service provisions and service providers from a broad perspective. The MSR Program provides the Commission the ability to retain the necessary information and data to ensure that the LAFCo has access to all the necessary information in a timely manner to make sound determinations with respect to municipal services, or when requested to update an SOI for a local agency.

The Reedley draft MSR considered 14 different services that are being provided within the City of Reedley (Attachment B).

Pursuant to LAFCo policy 107.02 and based on all the data gathered during the MSR update process, the Reedley draft MSR makes seven recommendations concerning Reedley's growing pension liability, Farmland Preservation Program (in process), Airport Master Plan, service provisions, and areas to account for as growth of the City occurs.

### **City-County Agreement**

As prescribed by State law, City of Reedley and Fresno County representatives convened to discuss the proposed SOI update; and, both local agencies have reached a formal agreement by the way of a Memorandum of Understanding ("MOU") on the proposed Reedley SOI update. On September 26, 2017, the County of Fresno Board of Supervisors executed the first Amendment of the Amended and Restated MOU between the County of Fresno and City of Reedley. Although the LAFCo is not a party to the City-County MOU, the agreement is evidence of an exchange of property tax revenue upon annexation, and includes standards of annexation, conditional commitments, and other matters of interest to both parties.

### **MSR Availability and Public Review**

LAFCo Policy 107-03 requires that a draft MSR be posted on the Commission's website with a minimum 21-day public review period. The Reedley MSR update was circulated March 18, 2020 through April 7, 2020. Pursuant to GC sec. 56427, 24 mailed notices were sent to all affected local agencies and owners of land within the affected territory. Additionally, a 21-day notice of Commission hearing was published March 18, 2020, in *The Business Journal*.

As of the date of publishing this staff report, LAFCo has not received any comments or written opposition to the information presented in the draft MSR or proposed update to the Reedley SOI.

## **Application Background**

### **A) Request for Amendments of the Sphere of Influence**

Section 56428, of the CKH, authorizes any person or local agency to file a written request with the LAFCo executive officer requesting an amendment to a SOI adopted by the Commission. GC sec. 56425 and 56430, govern LAFCOs' procedural measures aimed at assessing the requested SOI amendment.

On September 6, 2019, LAFCo received Reedley's initial SOI update application and concurrent annexation for the 40-acre property submitted on behalf of the Reedley City Council. The SOI update application was issued the LAFCo file number RSOI-195 Reedley SOI update and the annexation was issued the LAFCo File No. RO-19-7 Frankwood-South Reorganization. Shortly thereafter, LAFCo worked with City staff to retain city growth projection data and municipal service information to complete the draft Reedley MSR and SOI update for the Commission's consideration.

### **B) Statutory Findings for a Sphere of Influence Update**

A SOI is defined and discussed in sections 56076, 56425, and 56426.6 of the CKH.

CKH defines a SOI as the "plan for the probable physical boundaries and service area of a local agency, as determined by the Commission."<sup>3</sup> Furthermore, CKH charges the Commission with approving SOIs "in order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies to advantageously provide for the present and future needs of the county and its communities."<sup>4</sup>

Prior to the City submitting an application to the Commission to update its sphere, representatives from the City and County met pursuant to GC sec. 56424(b) and discussed the proposed new sphere and explored methods to agree on development standards and planning and zoning requirements within the SOI expansion that would promote the logical and orderly development of areas within the sphere. This agreement was approved by the Reedley City Council and the Fresno County Board of Supervisors on September 26, 2017. A copy of the MOU is on the record with the Commission.

Written determinations for a sphere of influence amendment pursuant to CKH are presented here and analyzed in detail in Attachment E of this report:

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; and
5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

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<sup>3</sup> GC sec. 56076.

<sup>4</sup> GC sec. 56425(a).

## **Reedley SOI Analysis**

The Commission's most recent Reedley SOI update was approved in 2012. The current Reedley SOI encompasses 4,760 acres, which has been preserved in its current form for eight years. Inclusion of the territory to the Reedley SOI update would not change land uses, however it would allow the City to move forward with its planning efforts to annex the 40-acre parcel planned for single family residential and neighborhood commercial land uses, as contemplated by the adopted Reedley General Plan. The Airport site is already within the City's incorporated limits.

By Commission policy, a SOI is generally considered a 20 to 25-year planning horizon to identify the probable growth area of a community. CKH mandates that every five years, the Commission shall, as necessary, review and update each SOI for local agencies under its purview. The City has determined that the parcels to be included in the SOI expansion facilitate and encourage orderly growth and development, both essential to the social, fiscal, and economic well-being of the community.

Analysis and determinations required by CKH are contained in the MSR and SOI update prepared for the Commission and are augmented by the 2030 Reedley General Plan and its certified EIR for the General Plan update (SCH No. 2010031106). Additionally, the City of Reedley prepared a subsequent Environmental Assessment (EA 2017-1) for the Frankwood-South SOI update<sup>5</sup> which provides additional environmental analysis for the Reedley SOI update. These reports are available on-line on Fresno LAFCo's website<sup>6</sup> and at the LAFCo office.

In summary, the MSR determinations support an SOI expansion as orderly and logical growth of the City that would provide for efficient extension of municipal services. The MSR and supporting data provides the evidence to support each determination. GC section 56430 requires that in order to prepare and update SOIs, the Commission shall first conduct a municipal service review and prepare a written statement of its determinations with respect to each of the following topics:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
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.

## **Required Findings and Determinations**

Under CKH, there are a series of required findings that need to be made in respect to this Proposal. Staff presents in this report and attachments as the evidence and analyses in support of the required findings.

### *SOI Expansion and Williamson Act Land Conservation Contracts*

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<sup>5</sup> Assessor Parcel Number: 363-220-01.

<sup>6</sup> <http://www.fresnolaftco.org/Public%20Review.asp>.

Under GC sections 56426, and 56426.6(a), the Commission shall not approve a change to the SOI of a local government agency of territory that is subject to a contract entered into pursuant to the California Land Conservation Act of 1965 (Chapter 7 (commencing with section 51200) of Part 1 of Division 1) if that local government agency provides, or would provide, facilities or services related to sewers, nonagricultural water, or streets and roads to the territory, unless these facilities or services benefit land uses that are allowed under the contract and the landowner consents to the change to the sphere of influence.

Williamson Act Contracts in the affected area are administered by Fresno County as a means to conserve productive agricultural resources. The Reedley MSR notes that there are no active Williamson Act Contracts within the areas requested to be included in the Reedley SOI update.

### *Environmental Determination*

A MSR collects and analyzes data in support of future LAFCo actions and therefore is exempt from environmental review, pursuant to section 15306, "Information Collection" of the California Environmental Quality Act ("CEQA") Guidelines.

However, the MSR supports Reedley's request for an update to the Reedley SOI that is consistent with 2030 Reedley General Plan. The 2030 Reedley General Plan provides a vision for future growth using a 25-year planning horizon, and the 2030 Reedley General Plan land use diagram designates planned land uses for the proposed Reedley SOI update.

The City of Reedley, acting as Lead Agency under CEQA, prepared a Draft and Final Environmental Impact Report ("EIR") for its 2030 General Plan Update. The proposed SOI update was included in the project description and analyzed in the certified EIR for the 2030 Reedley General Plan. The City made necessary findings, certified the Final EIR, and adopted a Statement of Facts, Findings and Overriding Considerations, and Mitigation Monitoring Program on February 25, 2014.

The 2030 Reedley General Plan recognized that periodic amendments to the plan may be necessary to reflect changes in the economy, social characteristics, and development patterns, or to address emergent variables during the life of the General Plan. For the Frankwood-South SOI update, the City prepared an Environmental Assessment (EA 2017-1) for the affected territory. The EA 2017-1 provides additional environmental analysis subsequent to the certified EIR prepared for the 2030 Reedley General Plan; and, it assesses the environmental impacts of the proposed Frankwood-South SOI update (Fresno County Clerk File #E201910000003).

As a "Responsible Agency" pursuant to CEQA Guidelines, the Commission is required to independently review and consider the environmental effects of the Project as presented in the certified Final EIR for the City of Reedley 2030 General Plan prior to reaching its decision on the Proposal (Sec. 15096 *et seq.* of the CEQA guidelines). After such review, the Commission must find whether there are any feasible alternatives or additional mitigation measure(s) within the Commission's power and authority that would substantially lessen or avoid any significant effects of the Project that it considers for approval.

Acting in the capacity of a Responsible Agency, LAFCo considered the certified 2030 Reedley General Plan EIR; and, EA 2017-1 prepared for the Frankwood-South SOI update for its review and update of the Reedley SOI update. Other than approving the requested Reedley SOI update, the Commission finds that changes and alterations to avoid or substantially lessen the significant environmental effects as identified in the certified EIR and EA 2017-1 are within the responsibility and jurisdiction of the City of Reedley and not the Commission. There are no other feasible changes or alterations to the Proposal,



within the Commission's authority, that would reduce impact identified in the Reedley General Plan EIR (SCH No. 2010031106) or EA 2017-1 (Fresno County Clerk File #E201910000003).

Pursuant to CEQA Guidelines section 15096(i), if the Commission determines that these documents are adequate, a draft Notice of Determination has been prepared (ATTACHMENT D) to be filed with the County of Fresno Clerk's office in compliance with section 21152 of the Public Resources Code.

**Individuals and Agencies Receiving this Report**

- Ken Price, LAFCo Counsel
- Bernard Jimenez, Manager, Fresno County Department of Public Works and Planning
- Rob Terry, Director of Community Development Department, City of Reedley

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