

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

CONSENT AGENDA ITEM No. 5C

DATE: February 11, 2015

TO: Local Agency Formation Commission

FROM: David E. Fey, AICP, Executive Officer 

SUBJECT: Consider Approval: Request for a One-Year Extension of Time to Complete Proceedings for the Fresno County Board of Supervisors "Dissolution of County Service Area No. 47" (LAFCo File No. DOD-12-1). (Second Request)

RECOMMENDATION: Approve One-Year Extension

State law requires that all reorganization proceedings shall be completed within one year of approval unless the Commission grants an extension of time prior to the expiration date. Failure to grant an extension will terminate the proceedings.

In accordance with *Fresno LAFCo Policies, Standards, and Procedures* Section 315-03, extensions of time may be granted when the imminent need for the proposal still exists, the project is still viable, and progress is being made toward completion. The Commission's Policies further state that the Commission may consider economic hardships beyond the control of the proponents as justification supporting the extension request.

Given the Commission's recent discussion regarding extensions of time, staff supports this request based upon its unique characteristics and demonstration of good-faith efforts by County staff to resolve complex conditions.

Parties of Interest:

County of Fresno	Quail Lake Homeowners Association
California Water Service Company	Dirk Poeschel, AICP, Quail Lake Estates

Summary:

This reorganization was approved by the Commission on March 13, 2013. Julie Zimmer-Belle, MPA, Special Districts Administration with the County of Fresno requested a one-year extension of time. This is the second request for an extension of time for this application.

Project Description: A request by the Board of Supervisors to dissolve CSA No. 47 (Quail Lake) and transfer water and wastewater services to the California Water Service Company for the 381 acres between Ashlan and Shaw Avenues, east of McCall Avenue near the City of Clovis

Reasons for Request and Actions Taken to Date: Julie Zimmer-Belle from the County of Fresno Special Districts Administration stated that progress is being made toward compliance with the conditions of approval. The asset purchase draft agreement and environmental review have

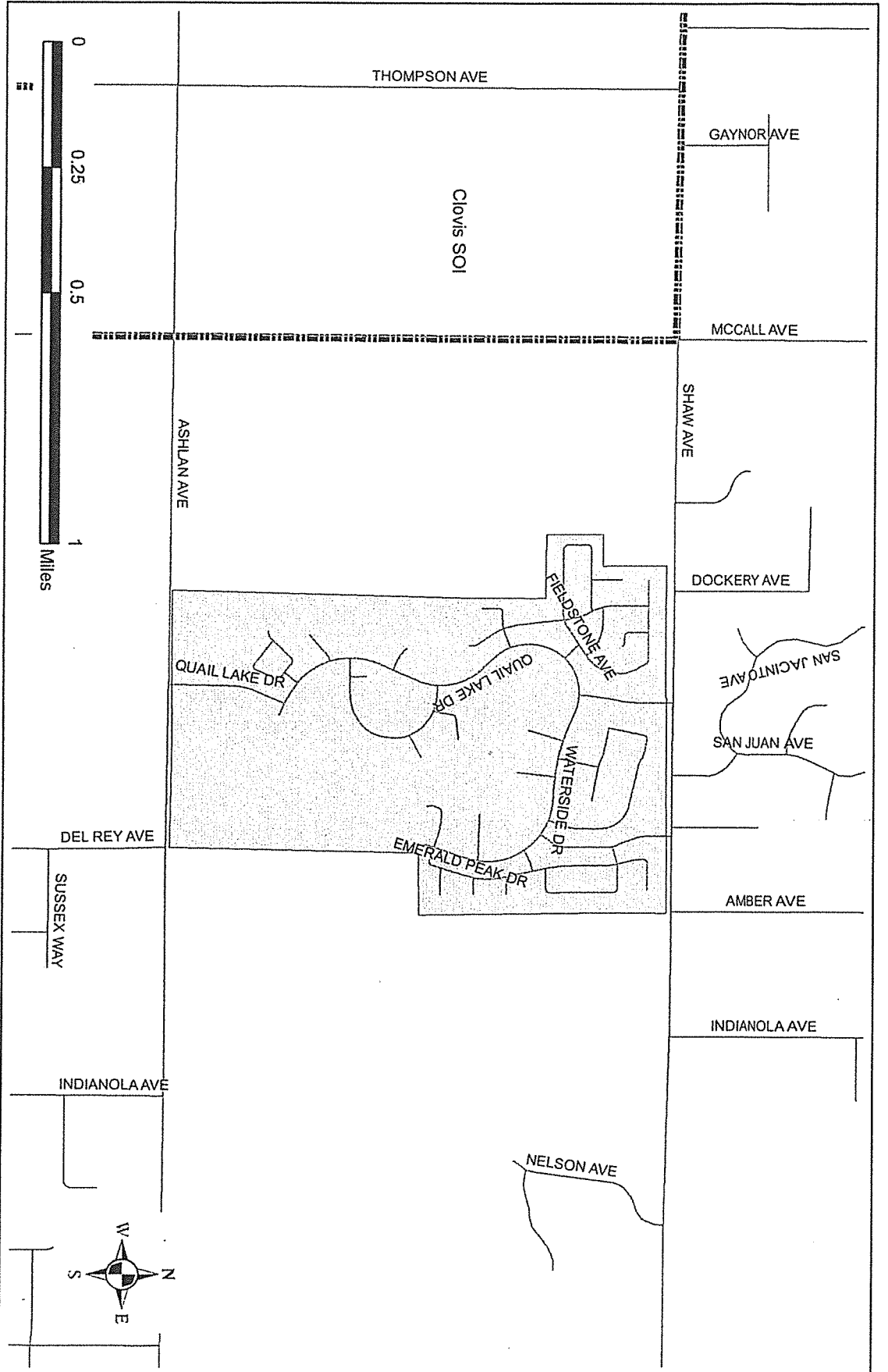
been completed. The appraisal of the District that the Bond Counsel has asked for to meet Internal Revenue Service regulations is almost complete. Granting a one-year extension will allow Cal Water enough time to obtain approval from the Public utilities Commission and the County enough time to pay off the Bonds prior to the sale of CSA No. 47 (Quail Lake). Shawn Heffner at California Water Service Company and Tamara Glover, San Mar Properties have submitted a letter of support for the one-year extension request.

Staff Analysis: Past experience has shown that it is not uncommon for reorganizations to take longer than the initial one-year approval to be completed, and that one or more extensions of time may be required to fulfill all conditions of approval. Significant progress has been made toward completion and there are no changes that could affect the sustainability for the dissolution.



Based on this information, it does appear that circumstances beyond the control of the County and Cal Water have delayed this dissolution. Based on these circumstances, staff supports a one-year extension.

The Following Have Received Copies of This Report:

- LAFCo Commissioners and Alternates
- Ken Price, LAFCo Counsel, Baker, Manock, and Jensen
- Bernard Jimenez, Deputy Director, Fresno County Planning Department
- Will Kettler, Fresno County Public Works and Planning Department
- Julie Zimmer-Belle, MPA, Special Districts Administration
- Dirk Poeschel, Quail Lake Estates
- Shawn L. Heffner, California Water Service Company
- Tamara Glover, San Mar Properties



Legend

-  District Area and SOI
-  City SOI

Fresno Local Agency Formation Commission County Service Area No. 47 (Quail Lakes)

Provides Recreation, Sewer, and Water Services

District Formed: 1996
SOI Adopted: 2/26/1997
SOI Updated: 11/7/2007

Map Date: November 2007
District Area: 370 Acres
Sphere Area: 370 Acres



County of Fresno

DEPARTMENT OF PUBLIC WORKS AND PLANNING
Alan Weaver, DIRECTOR

December 4, 2014

David E. Fey, AICP
Executive Officer
Local Agency Formation Commission
County of Fresno
2607 Fresno Street Suite B
Fresno, CA. 93721



RE: CSA No. 47 Dissolution Extension Justification Statement

Dear Mr. Fey:

Per your instructions, I am following the Dissolution Extension Requirements from the first extension last year, with updated information as follows:

- 1) The progress that has been made toward the conditions of compliance for the CSA No. 47 Dissolution in the past year is continuing. The Asset Purchase Draft Agreement has been completed. The Environmental Review has also been completed. As we are nearing the completion of the Asset Purchase Agreement, we are at the stage that Bond Counsel has completed its review. Bond Counsel has asked for an appraisal of the District to meet Internal Revenue Service (IRS) regulations. The appraisal is in the last stages and is expected to be completed by December 15, 2015.
- 2) There have been no changes to report since the dissolution was approved that could affect the sustainability for the CSA No. 47 Dissolution.
- 3) The actions taken by proponent to ensure that the project is completed within the allowed extension period are as follows: in nearing the completion of the Asset Purchase Agreement, the County of Fresno staff will be able to expedite the terms of the agreement and ensure that the terms and conditions are met for the execution of the agreement.

Additionally, Cal Water will have enough time to obtain approval from the Public Utilities Commission. The dissolution extension will give the County of Fresno ample time that we need to deal and to pay off the Bonds prior to the sale of CSA No. 47 Quail Lake.

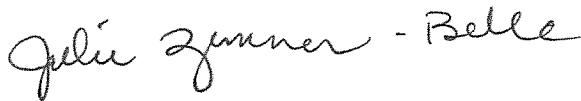
Mr. David Fey
LAFCO Executive Officer
December 4, 2014

- 4) Enclosed are written confirmation from Cal Water's Representative and the Quail Lake Homeowners Association supporting this extension request.

The proposal for Cal Water to assume responsibility of the assets, infrastructure, facilities and services still exists because the majority of the residents expressed a strong desire to dissolve CSA No. 47 and be operated by Cal Water. The project is still viable and is working towards completion.

If you have any questions concerning this matter please do not hesitate to contact our office.

Sincerely,



Julie Zimmer-Belle, MPA
Special Districts Administration
2220 Tulare Street 6th Floor
Fresno, CA. 93721
(559) 600-4259

Attachments: Check # 120291576 in the amount of \$240.00 for the extension fee.

cc: Amina Flores, Principal Staff Analyst

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CALIFORNIA WATER SERVICE COMPANY

1720 NORTH FIRST STREET • SAN JOSE, CA 95112-4598
(408) 367-8200

December 4, 2014

Ms. Julie Zimmer
Special Districts Administration
Resources Division
Public Works & Planning Department
2220 Tulare Street, Suite 600
Fresno, CA 93721

Subject: CSA #47 (Quail Lakes) Dissolution

Dear Ms. Zimmer:

California Water Service Company (Cal Water) hereby supports the County of Fresno's request for an extension of time to complete the CSA #47 (Quail Lakes) Dissolution proceeding. Cal Water is hopeful that another one-year extension will allow the County to complete internal reviews necessary to finalize the Purchase and Sale Agreement relating to the CSA #47 system assets.

Once the agreement is executed, Cal Water will file with the California Public Utilities Commission for permission to finalize the sale and take over system operations. If I can answer any questions or provide further information, please feel free to contact me at (408) 367-8344.

Sincerely,

A handwritten signature in black ink, appearing to read 'Shawn L. Heffner', written over a horizontal line.

Shawn L. Heffner
Director of Corporate Development & Real Estate
California Water Service Company
1720 N. 1st Street
San Jose, CA 95112



December 1, 2014

Via E-mail: jzimmer@co.fresno.ca.us

Julie Zimmer-Belle, MPA
Fresno County Department of Public Works
Special Districts Administration
2220 Tulare St., 6th Floor
Fresno, CA 93721

SUBJECT: County Service Area No. 47 Quail Lake – LAFCo Extension

Dear Julie:

On behalf of the Quail Lake Community Association please accept this letter of support regarding LAFCO's one year approval extension of County Service Area No. 47. The proposed extension will be for one year, terminating in December 2015.

If you have any questions, please feel free to call me.

Sincerely,

A handwritten signature in cursive script that reads 'Tamara Glover'.

Tamara Glover, President

c. Deanna Johnson
Susanna Burgess
Brent Phillips