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

AGENDA ITEM No. 6

DATE: August 10, 2016

TO: Fresno Local Agency Formation Commission

FROM: David E. Fey, AICP, Executive Officer 

BY: George Uc, LAFCo Analyst II

SUBJECT: Consider Adoption: Municipal Service Review and Sphere of Influence Update for County Service Area No. 19 (Hampton Way) and County Service Area No. 23 (Exchequer Heights)

Recommendation: Adopt the Municipal Service Review updates prepared for County Service Area No. 19 and County Service Area No. 23 and update the Districts' spheres of influence by taking the following actions:

- A. Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines find that the MSR's prepared for County Service Area No. 19 and County Service Area No. 23 are Categorically Exempt from the provisions of CEQA under Section 15306, "Information Collection."
- B. Find that the Municipal Service Reviews prepared for County Service Area No. 19 and County Service Area No. 23 are complete and satisfactory.
- C. Find that the written determinations within the Municipal Service Reviews, Sphere of Influence Update for County Service Area No. 19 and County Service Area No. 23 satisfy State Law.
- D. Pursuant to Government Code Sections 56425 and 56430 make the required determinations for the Municipal Service Reviews and District Sphere of Influence updates, adopt the Municipal Service Reviews prepared for the Districts, and Update the Sphere of Influence for said Districts by reaffirming their boundaries.

Executive Summary

In unincorporated areas, basic services like water, sewer, police and fire protection are provided by the County. The County Service Area Law (Government Code §25210.1 et seq.) was created in the 1950s to provide for expanded levels of service within unincorporated areas where residents are willing to pay an additional tax assessment for the extra service. The County Service Area Law allows residents or county supervisors to initiate the formation of a County Service Area (or "CSA"). A CSA's principal act authorizes 26 different types of services, including extended police protection, fire protection, park and recreation facilities, libraries, street lighting, street maintenance, distribution of water supply, collection and treatment of sewage, and many more types of service. Generally, the majority of the CSAs provide one or

two types of services while all other types of services enumerated in the District's principal act are considered to be "latent," meaning that they are not being exercised by the District. A CSA may issue General Obligation or Revenue Bonds, or form improvement areas for the purpose of issuing bonds that specifically benefit, and will be charged to, only part of the CSA. Any bond issuance or other long-term debt will require approval of voters residing within the CSA.

In accordance with Government Code section 56066, Fresno County is the principal county for CSA No. 19 and CSA No. 23 and LAFCo is responsible for updating the SOIs for the Districts consistent with section 56425(g). In order to update the agencies' SOI, Fresno LAFCo has prepared these service reviews in accordance with section 56430.

County Service Area No. 19 (Hampton Way)

CSA No. 19 was formed in 1967 to provide street lighting service to rural residential parcels along Hampton Way, east of Hayes Avenue to an unincorporated area in Fresno County. The District service area is approximately 1,200 linear feet west of Polk Avenue and approximately 700 feet south of Ashlan Avenue and is located within the City of Fresno's sphere of influence (Exhibit A). The District's infrastructure consists of six street lights located on Hampton Way and are maintained through a contract with PG&E.

The County of Fresno is the land use authority for territory within the District boundaries. Parcels within the District are designated as residential, and conditionally compatible with the County's RR-Rural Residential/Neighborhood Beautification Overlay Zone District (RR/NBOD). The County's overlay zone district is intended to assist with the preservation and protection of the integrity of many of Fresno County's unincorporated urban neighborhoods located within the Fresno/Clovis Metropolitan areas.

Fresno LAFCo's MSR policy designates the District as a "level three" special district that provides "non-municipal" services to its constituency. Non-municipal special districts typically do not request or experience modifications to their district's service area or request an update or revision to the Commission's adopted SOI. A level three non-municipal local agency designation means, in Fresno LAFCo's judgment, that services provided by the agency do not facilitate, host, or induce population growth.

Using the Commission's 20-25 year planning horizon for SOIs, District management does not expect any boundary growth to occur as it relates to including additional territory, population, or expansion of District services. The District service area is located in an unincorporated portion within the City of Fresno's metropolitan area. Future population growth will be directed to the City of Fresno consistent with Fresno County's general plan goal LU-G and general plan policies: LU-G.1, LU-G.2, and LU.G.14.

LAFCo staff has prepared the District's 2016 MSR update to comply with Government Code Sec. 56430 and Fresno LAFCo Policy 107- Municipal Service Review Policy.¹

¹ Fresno LAFCo Policy 107- Municipal Service Review Policy adopted on November 5, 2014

The MSR makes the following recommendation:

That the County Resources Division, as the administrator of the District, initiate the process to form a citizens' advisory committee to begin discussions with the District's citizenry regarding the District's long-term existence and the City's encroachment on the District's boundaries.

County Service Area No. 23 (Exchequer Heights)

CSA No. 23 was formed in 1970 to provide water service and maintenance of the public water system within Exchequer Heights (Tract No. 1994), a 16-lot subdivision located south of the Exchequer Drive and Dinkey Creek Road intersection in Fresno County (Exhibit B). The District is located in the Sierra National Forest in the eastern unincorporated portions of the County of Fresno.

In the past, the District has been also referred to as "CSA No. 23 Dinkey Creek," this MSR will refer to "CSA No. 23" as "Exchequer Heights." The District provides its constituency with retail domestic water service, operates, and maintains the public water system. The District's infrastructure includes two wells sites, a 30,000 gallon water storage tank, a fire hydrant, and a series of water mains and pipelines used to deliver water supply.

The District's water distribution system's primary source of water is groundwater pumping from two rock material well sites. The District annually pumps approximately 1.21 acre-feet of groundwater from its two wells. The District's water distribution system includes 16 unmetered residential water connections.

The District is located outside of the Kings Sub-Basin boundaries, however within the Tulare Lake Hydrological Region boundaries. In LAFCo's judgement, the District will be represented by the County of Fresno as it relates to groundwater management legislation, as well as in various Sustainable Groundwater Management Act working groups.

In the past, maintenance of the water system was contracted to the Exchequer Heights Property Owners Association; however, the Fresno County Resources Division has recently assumed responsibility for the operation and maintenance of the District's facilities.

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

Using the Commission's 20-25 year planning horizon for SOIs, District management does not expect any boundary growth to occur as it relates to including additional territory, population, or expansion of District services. The District reports its sphere and boundaries are correct at this time and no changes are requested. The MSR/SOI update recommends the affirmation of the current SOI.

Summary / Background

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

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

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

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

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

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

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

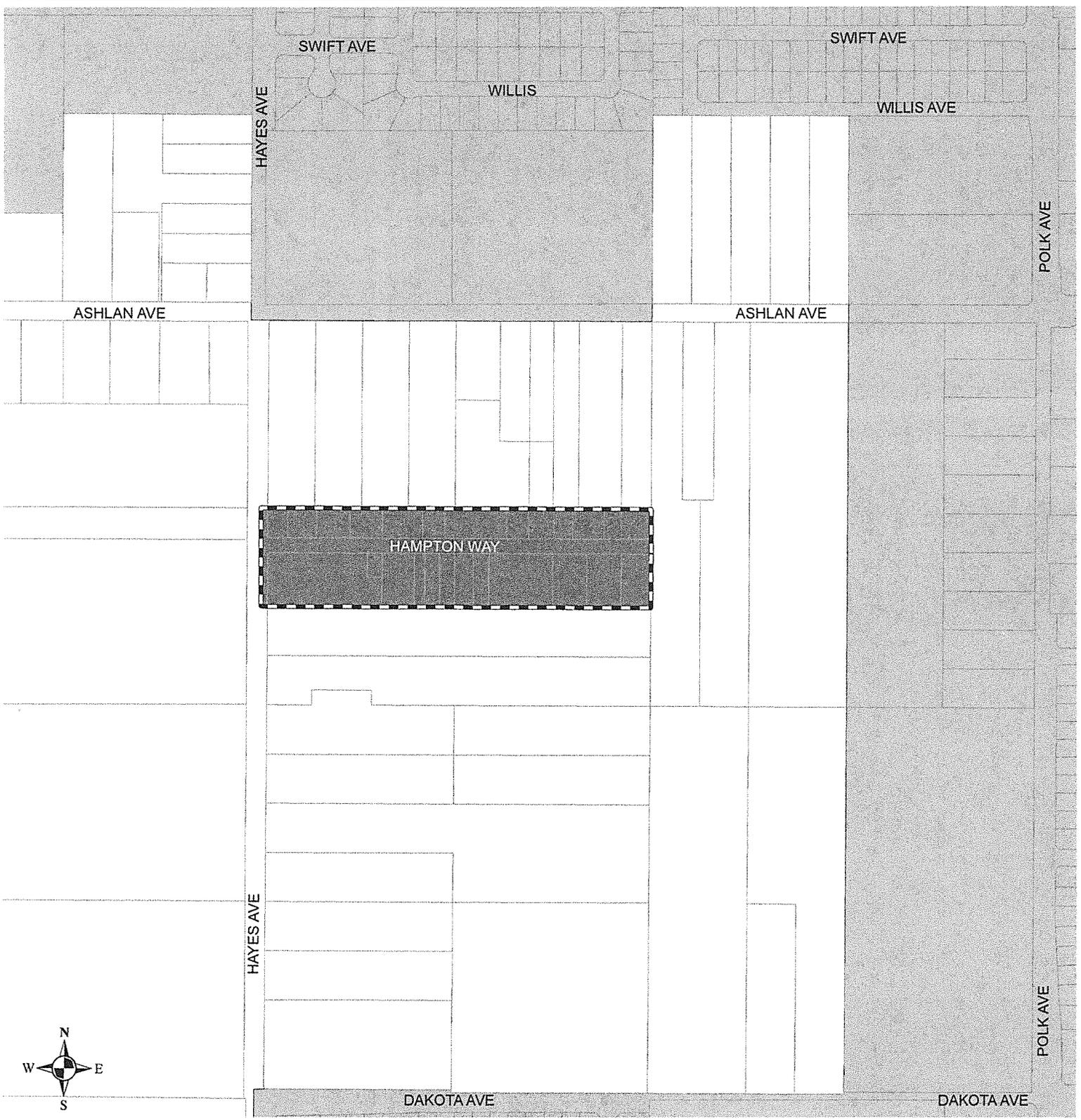
The attached MSRs present these determinations with District information and the analysis used in support of the determinations and recommendations.

Environmental Determination

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

There is no possibility that these MSR's and SOI updates may have a significant effect on the environment because there are no land use changes or other changes to the environment.

Fresno Local Agency Formation Commission County Service Area No. 19 (Hampton Way) Services: Lighting services

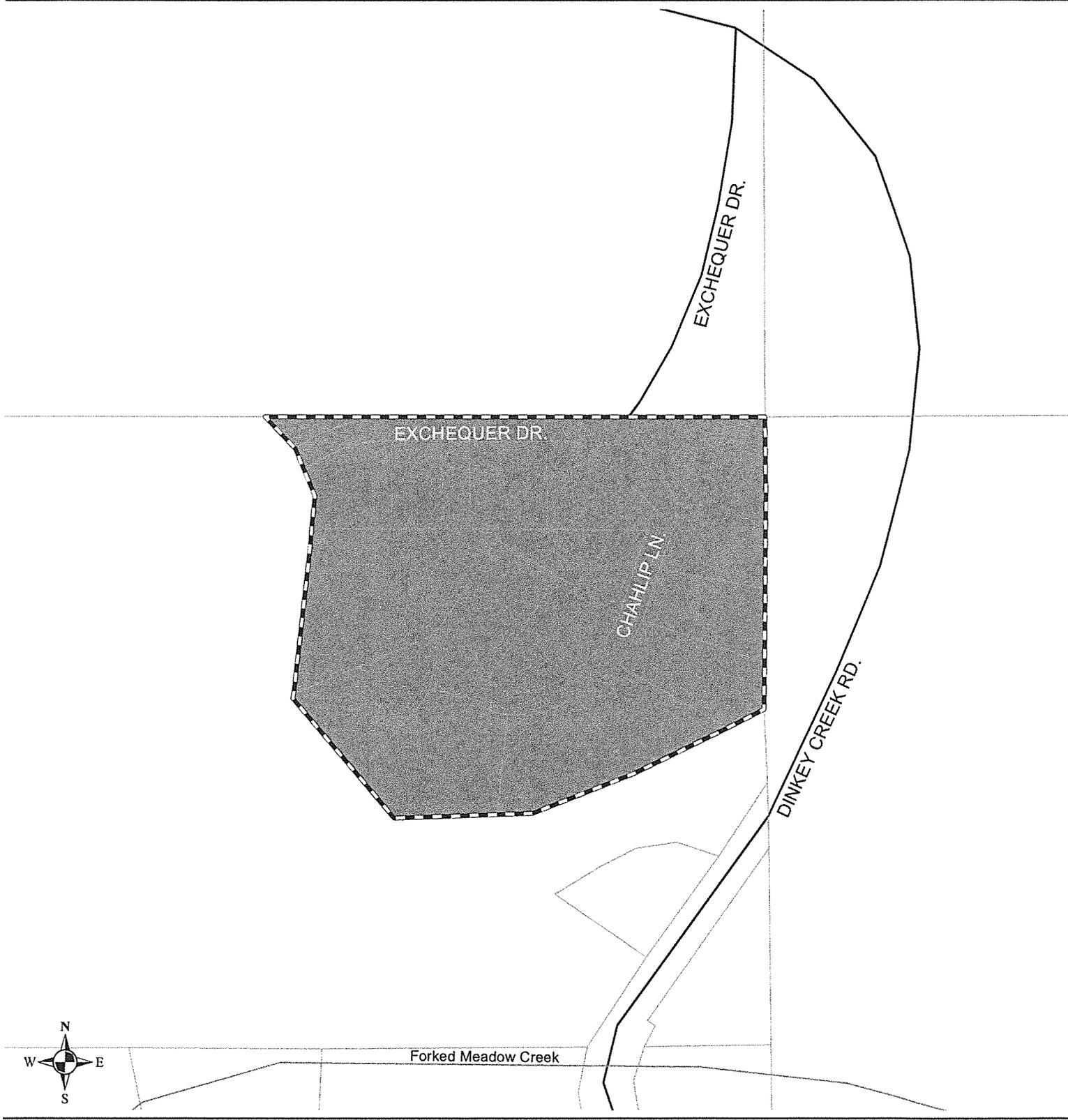


 District Area and SOI
 Fresno City Limits

District formed: 1967
SOI adopted: 3/14/1975
SOI updated: 11/7/2007

Map date: July 2016
District area: 10 acres
Sphere area: 10 acres

Fresno Local Agency Formation Commission County Service Area No. 23 (Exchequer Heights) Services: Water Services



 District sphere of influence
 District service area

District formed: 1970
SOI adopted: 5/28/1975
SOI updated: 12/5/2007

Map date: July 2016
District area: 17 acres
Sphere area: 17 acres