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

AGENDA ITEM No. 8

DATE: June 8, 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 the Mercy Springs Water District

Recommendation: Adopt the draft Municipal Service Review prepared for the Mercy Springs Water District and update the District's sphere of influence by taking the following actions:

- A. Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines find that the MSR is Categorically Exempt from the provisions of the CEQA under Section 15306, "Information Collection."
- B. Find that the Municipal Service Review and Sphere of Influence Update prepared for the 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 District Sphere of Influence, adopt the Municipal Service Review prepared for the District, and update the Sphere of Influence for said District by reaffirming the current boundaries.

Executive Summary

The Mercy Springs Water District was formed under California Water Code section 34000-38500, which authorizes the formation of California Water Districts 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."¹ The District's sphere of influence (SOI) and service area encompasses 3,710 acres and is located seven miles northwest of the City of Firebaugh and northwest of the City of Mendota. The District is a single-county agency in Fresno County (Exhibit A).

During the preparation of the Municipal Service Review (MSR), the District informed LAFCo that it does not provide direct services; however, the District functions as an administrator of Central Valley Project (CVP) water supplies to third-parties and addresses customer needs. The

¹ California Water Code sec. 35400 et seq.

District's water transfers are subject to change on an annual basis and it depends on several factors such as, annual allocation percentage rating, water supply levels, and District water needs.

The District does not own any capital or public facilities. The District contracts its office administration and office facility with Panoche Water District. The District board meets on an as needed basis, with a minimum of one meeting annually. The District is a Central Valley Project (CVP) contractor with a water service contract with the United States Department of the Interior, Bureau of Reclamation ("USBR") for up to 2,842 acre-feet of CVP water from the Sacramento-San Joaquin Delta, based on 100 percent allocation years.

The District informs that there are three landowners in the District that separately own the majority of the land in the District. Panoche Drainage District owns approximately 95 percent of the land in the District, and the remaining acres are owned by two separate private landowners.

The District's approved SOI and service area are coterminous. The District informed staff that the agency does not foresee the need to revise its current SOI boundary. This draft MSR update recommends affirmation of the District's current SOI.

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.² The MSR makes the following recommendations.

- The District needs to adhere to state statutes to ensure that its affairs are conducted in an accountable, transparent, and accessible manner.
- The District's internal communication should be amended to comply with California Water District statute and its public record management needs to comply with the Public Records Act.
- The District's election/reappointment procedure needs to conform to the Uniform District Election Law and set internal procedures to file its Certification of Facts, or declaration of candidacies in a timely manner with the Fresno County Clerk to the Board of Supervisors.

On March 4, 2016, the District convened to reappoint four hold-over directors whom terms had not been officially renewed by the Fresno County Board of Supervisors; however, under election statute, landowner district directors are able serve as officials until a qualified successor is appointed by the County Board of Supervisors. The District also appointed a new director on the District board to fill a vacancy that resulted from a former director's resignation. As of May 25, 2016, the District informs that it is awaiting the official reappointment of four District directors, and the appointment of a new director by the Fresno County Board of Supervisors.

Fresno LAFCo Policy 107 designates the District as a "Level three" special district that provides "non-municipal" services to its constituency. Level three non-municipal special districts means that the services provided by the agency do not in themselves facilitate or induce population growth.

² Fresno LAFCo Policy 107- Municipal Service Review Policy adopted on November 5, 2014

In accordance with Government Code section 56066, Fresno County is the principal county. Fresno LAFCo is responsible for updating the SOI for the District consistent with section 56425(g). In order to update the agency's SOI, Fresno LAFCo has prepared this service review in accordance with section 56430.

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 the existing SOI boundaries or recommend modifications to the 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 MSR presents these determinations with District information and the analysis used in support of the determinations and recommendations.

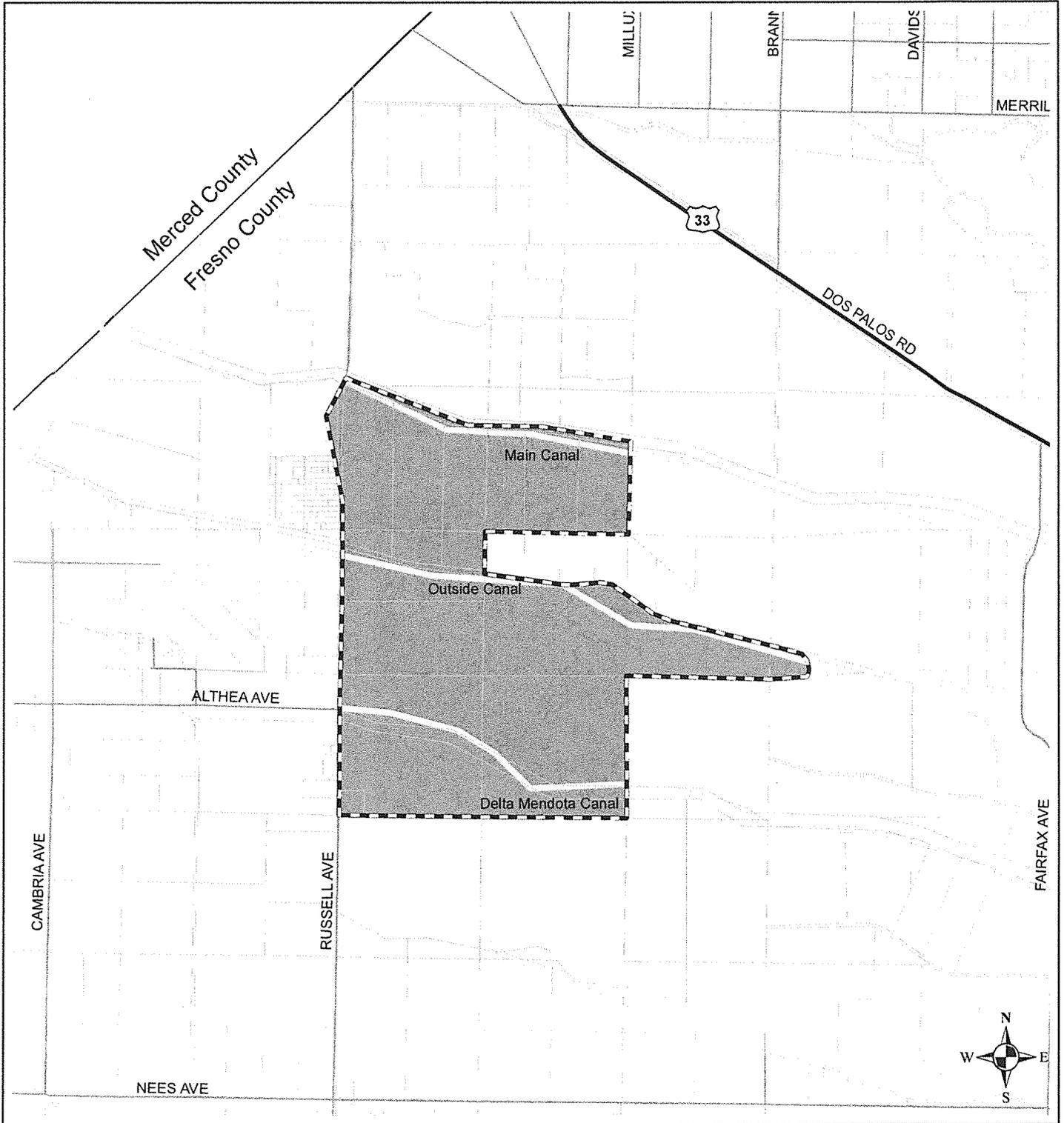
Environmental Determination

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. This 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, MSRs 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.

Furthermore, this 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 and SOI update may have a significant effect on the environment because there are no land use changes or other changes to the environment.

Exhibit A
Fresno Local Agency Formation Commission
Mercy Springs Water District
 Services: Distribution of Irrigation Water



 District SOI
 District Service Area

District Formed: 1950
 SOI Adopted: 11/26/1975
 SOI Updated: 12/05/2007

Map Date: 2/25/2016
 District Area: 3,710 Acres
 Sphere Area: 3,710 Acres