

RAISIN CITY WATER DISTRICT

DRAFT MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE

**Report to the
Fresno Local Agency Formation Commission**

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AGENCY PROFILE: RAISIN CITY WATER DISTRICT

Irrigation Services

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Fresno, California 93720 Fresno, CA 93711
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Office Address: 1100 West Shaw Avenue, Suite 148
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Management Information

District Formation: 1962
Principal Act: California Water Code Section 34000-38500
Special District Powers: Prescribed in Water Code Section 35400-35413
LAFCo
Authorized Services:¹ Levy and collect assessments and standby charges; perform agreements, enter contracts, and plan for the distribution of water for irrigation purposes
Governing Body: Five-member Board of Directors, landowner-voter, representation at-large

Board Members: Russel G. Gunlund, President Appointed in lieu of election 2013- Expires 2017
Gagandip Batth Appointed in lieu of election 2013- Expires 2017
Nindy Sandhu Appointed in lieu of election 2011- Expired 2015
Jusdip (Jerry) Rai Appointed in lieu of election 2011- Expires 2015
Donald Cameron Appointed to Vacancy 2015- Expires 2015

Board Meetings: Second Tuesday of each Month, at 3:00 p.m.
Meeting Location: Raisin City Elementary School: 6425 W. Bowles Avenue, Raisin City, CA 93652
Staffing: Contract District Administrator

Service Information

Area Served: 700 landowners, 880 parcels
District Service Area: 51,719 Acres
Sphere of Influence: 80,125 Acres
Infrastructure: No improved facilities

¹ Pursuant to Government Code Section 56425(i)

AGENCY PROFILE: RAISIN CITY WATER DISTRICT

Irrigation Services

Fiscal Information

Budget: \$38,550 **Amount in Bank Account:** \$437,302
Sources of Funding: Property Assessments and grant funding
Rate Structure: Tax base \$.75 per acre or \$2.00 for minimum parcel size

Administrative Policies

Master Plan: None **Policies/Procedures:** No **By-laws:** Yes
Boundary Formed: 1962 **SOI Adopted:** 1975 **SOI Updated:** 2015

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1. MUNICIPAL SERVICE REVIEW

DESCRIPTION OF DISTRICT

PRINCIPAL ACT

The Raisin City Water District (District) was formed in 1962 for the purpose of providing irrigation water to lands within its boundaries. The District's principal act is California Water Code sections 34000-38500, which enable the formation of 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.² However, the District has not provided water services since its formation due to multiple reasons that will be discussed in this report.

The District informed Fresno LAFCo staff that it currently provides its landowners with representation, advocacy and information services regarding statewide water policy, water rights, new state legislation, and other issues affecting local agricultural irrigation. The District is participating in the implementation of the state's Sustainable Groundwater Management Act (signed into law September 16, 2014) as a member of the Fresno County SGMA Working Group, which is in the planning efforts of the Groundwater Sustainable Agency (GSA) on behalf of its landowners in the District. The District states that it will represent, advocate on behalf of, and protect its landowners' interests as the Groundwater Sustainable Plan (GSP) is prepared by the GSA.

The District is an independent special district, which has a five-member board of directors not governed by another legislative body (either a city council or a county board of supervisors). Candidates eligible to serve as the board of directors must be a holder of title to land within the District boundaries or the legal representative of the holder of title to land within the District boundaries. District board members are subject to election of four-year staggered terms; in the event no candidates file election papers, members are appointed in lieu of an election by the Fresno County Board of Supervisors based on recommendation provided from the District's board of directors.

Fresno LAFCo Policy designates the District as a "level three" special district that provides "non-municipal" services to its constituency.³ Non-municipal special districts typically do not request or experience modifications to their district service area or request an update or revision to the Commission's adopted SOI for the agency. A level three non-municipal local agency means that, in Fresno LAFCo's judgment, services provided by the agency do not facilitate or induce population growth.

² California Water Code Section 35401

³ Fresno LAFCo Policies, Standards, and Procedures, Policy 107- Municipal Service Review Policy

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

SERVICE AREA, SPHERE OF INFLUENCE, AND DISTRICT BACKGROUND

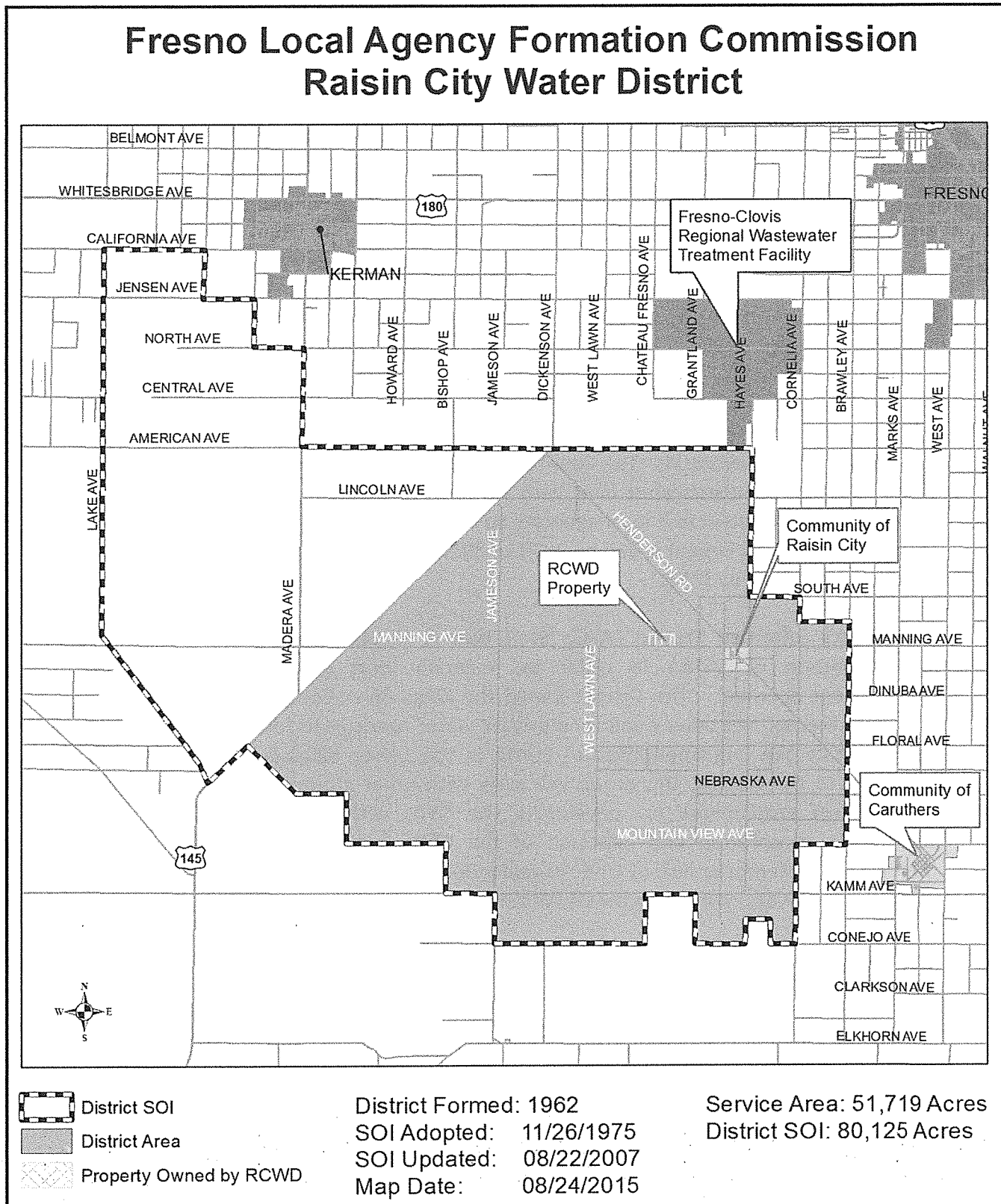
The District service area is located in the central part of Fresno County, approximately nine miles southwest of the City of Fresno, 12 miles southeast of the City of Kerman, and five miles northwest of the unincorporated community of Caruthers. The District is six miles west of State Route (SR) 41, approximately nine miles south of SR 180, and eight miles east of SR 145.

The District's 51,719-acre service area is bounded by American Avenue to the north, S. McMullin Grade to the west, Conejo Avenue to the South and Brawley Avenue to the east. The Commission's adopted Sphere of Influence (SOI) includes the entire service area and extends northwest to Jensen Avenue and west to Lake Avenue. Total acreage within the District's SOI amounts to approximately 80,125-acres this includes the District's service area. Approximately 28,406 acres of land within the District's SOI are eligible for future District annexation; this area is west of the existing service area bounded by S. McMullin Grade to the east, along W. Adams Avenue and Lake Avenue to the west, and up to California Avenue on the north slightly along the southern boundaries of City of Kerman and back down to American Avenue.

Since its formation, the District has not been able to secure a source of surface water entitlement. Farmers within the District must therefore obtain water for irrigation purposes by pumping groundwater. The 2007 District Municipal Service Review (MSR) noted that one of the District's purposes is to improve groundwater conditions throughout the Raisin City area. The District informed Fresno LAFCo staff that it provides its landowner with some direct services,⁴ and other services are provided indirectly through joint partnership with other Districts. During the preparation of the 2015 MSR, the District provided information about its operation and plans for expanding District services to its landowners.

⁴ See Appendix C – RCWD's comments to Draft MSR- Response One

Figure 1: Raisin City Water District Boundaries



SUSTAINABLE GROUND MANAGEMENT ACT PARTICIPATION

In June, 2015, the District informed Fresno LAFCo that it is taking an active role in the implementation of California's Sustainable Groundwater Management Act ("SGMA"). This groundbreaking legislation was signed into law by Governor Edmund G. Brown Jr. on September 16, 2014. SGMA is comprised of three bills: Assembly Bill 1739 (Dickenson) and Senate Bills 1319 and 1168 (Pavley). This three-part legislation allows local agencies to develop groundwater sustainability plans that are compatible with their regional economic and environmental needs. SGMA creates a framework for sustainable local groundwater management for the first time in California's history.

SGMA requires local agencies to form a Groundwater Sustainability Agencies ("GSAs") in local groundwater basins by June 2017; and, also requires the adoption of Groundwater Sustainability Plans ("GSPs") for groundwater basins deemed high priority by year 2020.

The District resides in the Kings sub-basin, which has been designated by the California Department of Water Resources ("DWR") as a high-priority sub-basin and subject to a condition of critical overdraft. The County is presumed to be the GSA for all unmanaged basins and for unincorporated land with no local agency representation. The law requires State intervention if local agencies do not form GSAs by June 30, 2017, and/or fail to adopt and implement a GSP by 2020 or 2022 deadlines, depending on the basin's critical status issued by DWR.

The District informed Fresno LAFCo Staff that it is taking an active role in the implementation of SGMA in order to maintain local control of groundwater management decisions. The District joined the Kings River Conservation District, the County of Fresno, and other public and private water agencies to form a working group to coordinate the implementation of SGMA in the Lower Kings Groundwater Basin. According to the District, this group will work with other groups in the greater Kings basin to set groundwork for developing the GSAs within the Kings Basin. The subsequent preparation and adoption of the GSPs is anticipated to be prepared thereafter. A Memorandum of Understanding for the Lower Kings Groundwater Basin working group was provided by the District in preparation of this report.

The first draft of the 2015 MSR recommended that, because the District appeared to be inactive (meaning that it had no projects, provided no services, and held no surface water rights), the District be dissolved. The District responded to this recommendation with several actions: making substantive changes to its management to demonstrate accountability to its principal act; performing needed outreach to improve communication between the District and small property residents; and providing Fresno LAFCo information about the District's developing positions relative to SGMA.

According to the District, areas within and surrounding the District's service areas have the worst potential groundwater overdraft problems on the Kings Basin. The District has expressed that it is in place to advocate for the landowners within the District. The District states that in the absence of a representing agency such as RCWD, no direct representation for landowners in decisions making to implement SGMA would be possible. Fresno LAFCo notes that under SGMA, the County would presume responsibility for areas that are not within a district service area or city limit of a local agency that manages water resources—though they may be within a local agency's SOL.⁵ It is the District's opinion that it can protect landowners' farmland from becoming fallowed and assist landowners to maintain land values by its participation as a member of the SGA.

McMULLIN RECHARGE GROUP

The District is a member of the McMullin Recharge Group (MRG), formed in 1999 to address the long-term water supply imbalance in the Raisin City area caused by the lack of surface water available for irrigation.⁶ Members of the McMullin Recharge Group include James Irrigation District, Mid-Valley Water District, Raisin City Water District, Kings River Conservation District (KRCD), and Terranova Ranch, Inc.⁷ The McMullin Recharge Project (MRP) proposed by the MRG, uses private farm lands in Fresno County and along the James Bypass to capture flood flows from the Kings River for groundwater recharge and downstream flood risk reduction.

The MRP is being completed in various phases and implemented by the Kings River Conservation District. Phase 1, funded under a Department of Water Resources Proposition 84 grant, with matching funds from Terranova Ranch, will develop the conveyance facility, on-farm infrastructure, and management practices to divert 150 cubic feet per second (CFS) at the James Bypass for recharge during periods when flood flows occur. The proposed project includes diverting and capturing Kings River floodwater flows onto agricultural lands adjacent to the Kings River, which would allow for the recharge groundwater and increased soil moisture. A review of the California Natural Resources Agency website indicates that construction of Phase 1 of the project is on schedule (as of August 13, 2015) with the shown estimate completion date of June 1, 2017.⁸

⁵ See Appendix C – RCWD's comments to Draft MSR- Response Two

⁶ Groundwater Management in the Kings River Region- A comprehensive and Coordinated Effort, http://www.centralvalleywater.org/pdf/groundwater_management_brochure_2004.pdf

⁷ Groundwater Management in the Kings River Region- A comprehensive and Coordinated Effort, http://www.centralvalleywater.org/pdf/groundwater_management_brochure_2004.pdf

⁸ California Natural Resources Agency, Bond Accountability. McMullin On-farm Flood Capture and Recharge Project, reference number 3860-P1E-467, <http://bondaccountability.resources.ca.gov/Project.aspx?ProjectPK=8585&PropositionPK=5>

The Kings River Conservation District was the lead agency in developing the Master Plan for the Project, however the District is the lead agency in sponsoring the funding for the construction and management of the McMullin On-Farm Flood Capture Project Phase 2 Expansion.⁹ Phase 2 expands the recharge area to the east by 4,350 acres and increases the diversion capacity to 300 CFS, doubling the recharge capacity of the project. The cost of the Phase 2 expansion is expected to be funded through available State grants.¹⁰

A Groundwater Recharge Feasibility Study (Study) funded by California Department of Water Resources through the Local Groundwater Assistance Grant Program (AB 303) was completed by the District in August, 2012.¹¹ The purpose of the Study was to identify the available land, water, and conveyance structures, and to determine methods to replenish the groundwater supply through recharge projects. The Study consisted of eight major tasks ranging from data collection and analysis, field investigation, simulation of potential recharge projects, and project management.

The Study evaluated four sites for recharge operations: one 80-acre site located within the District's service area, one within the Fresno Irrigation District (FID) boundaries, and two locations within the Consolidated Irrigation District (CID) boundaries at the boundary alignments with the District.

The 80-acre site is composed of four parcel lots located on the northeast corner of Chateau Fresno Avenue and Manning Avenue, in Fresno County. The Study determined that the 80-acre site presented three challenges. First, there were no existing canals that can deliver water to the site and infrastructure would need to be constructed to convey water to and from the site. Existing water conveyance system are remote for the site. Second, the neighboring landowners were in favor of the project but did not want to have canals running through their farmlands. The third challenge was that the site is located outside of the Kings River Water Association (KRWA) service area and would have to rely on short-term contracts for water from Kings River, or other sources of water. The Study ultimately determined that though the 80-acre site was a suitable recharge site, it was nonetheless infeasible due to its distant location from an existing water conveyance network such as CID and/or FID water systems.

The Study then examined an FID recharge pond located between McMullin Grade and Lincoln Avenue and between Highway 145 and Jameson Avenue. The pond is approximately 60-acres in size and has flood easement rights to the surrounding 1,600 acres. The site has access from McMullin Grade along a canal connecting the pond and James Irrigation District's McMullin Grade canal. The source of water comes from FID's

⁹ See Appendix C – RCWD's comments to Draft MSR- Response Three

¹⁰ Ibid, Response Four

¹¹ KBWA, Implementation Grant Attachments, 3g. RCWD Groundwater Recharge Feasibility Study [http://www.water.ca.gov/irwm/grants/docs/Archives/Prop84/Submitted_Applications/P84_Round2_Implementation/Upper%20Kings%20Basin%20IRWM%20Authority%20\(201312340022\)/Attachment%203.%20\(cont\)%20-%20Att3_IG2_WorkPlan_2of3.pdf](http://www.water.ca.gov/irwm/grants/docs/Archives/Prop84/Submitted_Applications/P84_Round2_Implementation/Upper%20Kings%20Basin%20IRWM%20Authority%20(201312340022)/Attachment%203.%20(cont)%20-%20Att3_IG2_WorkPlan_2of3.pdf)

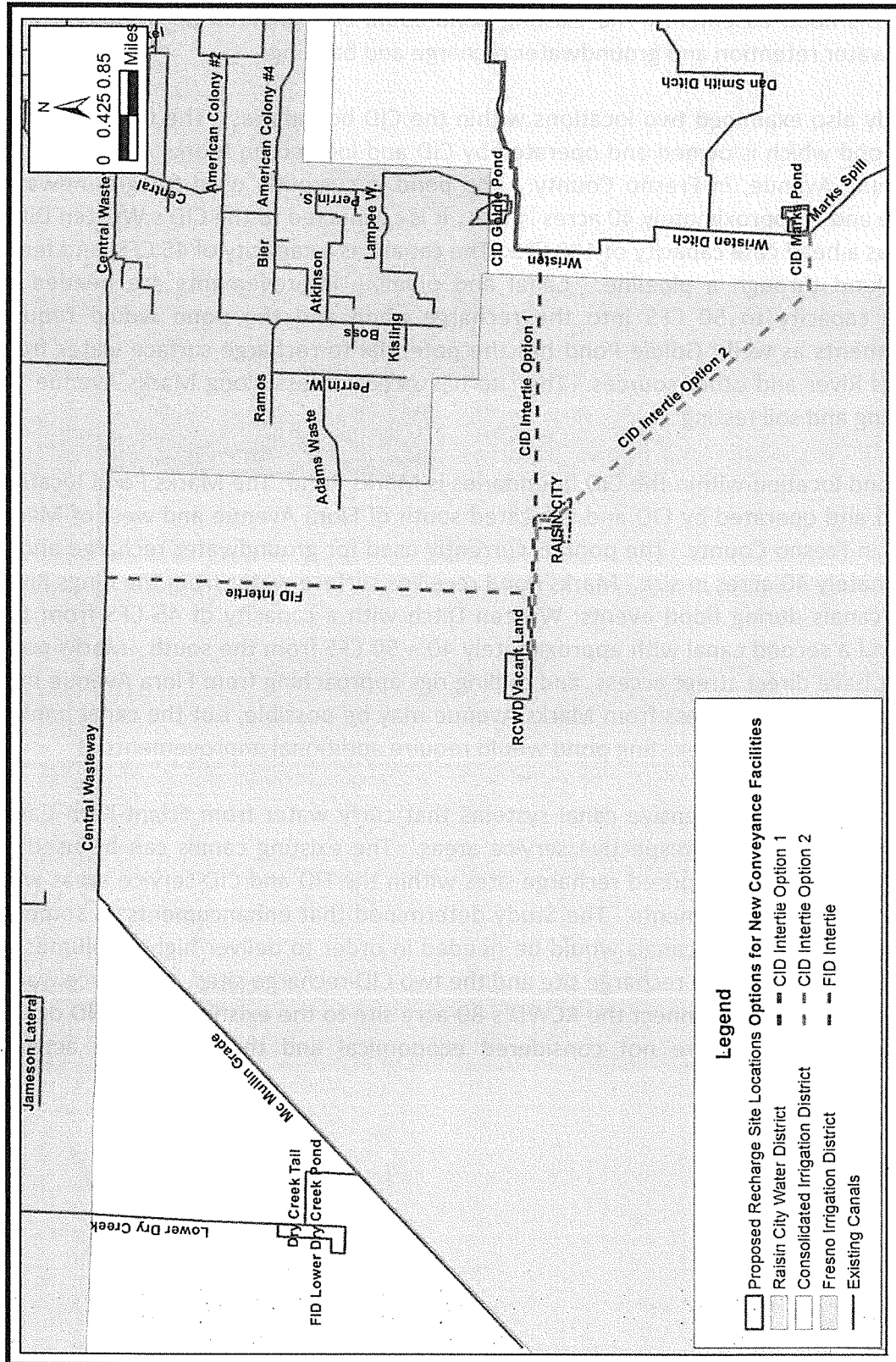
Lower Dry Creek Canal, with a capacity of approximately 100 CFS. The surrounding lands are currently being farmed and are available for the spreading of flood water under FID's flood easement. The existing pond could be expanded up to 80-acres for surface water retention and groundwater recharge and banking.

The Study also examined two locations within the CID boundaries. The first site is the Goldie Pond which is owned and operated by CID and located on Marks Avenue, north of Manning Avenue, in Fresno County. The pond is currently used for groundwater recharge and is approximately 40 acres in size. It is connected to the CID's Wristen Ditch which has a head gate capacity of 100 CFS. The canal has a capacity of 45 CFS, and feeds Goldie Pond through a pipeline. Canal and pipeline improvements are needed to increase capacity to 50 CFS into the recharge pond and the pond would require improvements as well. Goldie Pond has the potential to recharge surface water from the Kings River and other sources. The site has street access along Marks Avenue for site drilling and soil testing.

The second location within the CID boundaries is Marks Pond. The Marks Pond location is owned and operated by CID and is located south of Flora Avenue and west of Marks Avenue, in Fresno County. The pond is currently used for groundwater recharge and is approximately 40-acres in size. Marks Pond receives surface water from the Kings River via two canals during flood events: Wristen Ditch with a capacity of 45 CFS from the north, and a second canal with approximately 40 – 50 CFS from the south. Marks pond does not have direct street access, and drilling rigs approaching from Flora Avenue may find access difficult. Access from Marks Avenue may be possible, but the canal bank is steeper on the east. The existing pond would require additional improvements.

FID and CID operate extensive canal systems that carry water from Friant-Kern Canal and Kings River to their respective service areas. The existing canals can be used to convey water for the proposed recharge sites within the FID and CID service areas with minimum canal improvements. The Study determined that enhancements to some of the existing FID and CID canals would be needed in order to deliver higher volumes of recharge water to the FID recharge site and the two CID recharge sites. A surface water conveyance system to connect the RCWD's 80-acre site to the existing water FID or CID distribution systems were not considered economical and thus were not actively pursued by the RCWD.

Figure 2: Areas Studied in the 2012 Groundwater Recharge Feasibility Study.
Map obtained from RCWD Feasibility Study Report.



According to Fresno County Assessor's data, the District purchased the four parcels between years 1961-76. Fresno LAFCo's 1975 SOI report for the District boundaries states that these lands were purchased by the District to be used as a percolation pond. The Study evaluated the same site for a potential groundwater recharge basin. On March 9, 2015, Fresno LAFCo staff verified that these parcels (APN: 03508003T, 04T, 58T, and 59T) are listed by the Fresno County Assessor as owned by the District with no indication of any improvements. The District informed Fresno LAFCo that although a water recharge Study was conducted for this site, the board is contemplating in selling the 80 acre site.

The District's 2007 MSR noted that "the District planned to construct underground water storage basins and related infrastructure and pipelines to convey water to the District. Construction of facilities depends on State grants and loans available to the District. It is currently unknown when the State will have funds available to fund this program."¹² Fresno LAFCo observes that the District will continue to rely on ongoing grant funding; and, will need to secure additional state grant funding for the second and third phases of the McMullin On-Farm Flood Capture Project.

The District's 2007 MSR states – "The current [land] assessment is inadequate to finance the construction of facilities. Actual construction of facilities and infrastructure is anticipated to come from a combination of grants and loans from the State, with debt service paid by the landowners."¹³

MID-VALLEY CANAL PROJECT AND THE MID-VALLEY WATER AUTHORITY

In 1975, Fresno LAFCo prepared a Sphere of Influence report for Regional Special Districts – California Water and Irrigation Districts. The report observed that the District was formed in 1962 for the purpose of submitting an application to the U.S. Bureau of Reclamation for water entitlements to be delivered by the proposed East Side Division of the Central Valley Project (CVP). Ultimately, the District was formed prior to the completion of the Bureau's plans to develop the East Side Division of the CVP, which by that time was removed from the Bureau's plans. The District then applied for surface water entitlements from the proposed Mid-Valley Canal project. This project proposed to deliver water via a canal system that would run laterally across Fresno County from the vicinity of City of Mendota to a point on the Kings River near the City of Kingsburg. It was planned that the proposed canal system would run through the central part of the District.

¹² Fresno LAFCo, August 2007. Raisin City Water District Municipal Service Review page 5.8-2.

¹³ Fresno LAFCo, August 2007. Raisin City Water District Municipal Service Review page 5.8-4.

The 1975 Fresno LAFCo report recommended if construction of the Mid-Valley Canal did not materialize for whatever reason, or if another source of irrigation water does not become available enabling the District to provide irrigation water, that the Fresno LAFCo should consider the dissolution of the District.

In 1983, the District joined the Mid-Valley Water Authority, whose purpose, among other things, was to develop and maintain efforts on the Mid-Valley Canal (Project) and to seek and secure water supplies. The project would have provided both a source of surface water for the District and an opportunity for the District to utilize the Manning Avenue property as a recharge basin. Unfortunately, sources of water and funding for the project proposal never materialized. As a result in 2014, the Mid-Valley Water Authority was dissolved. As such, the District informed Fresno LAFCO that it will not use the 80-acre site for groundwater recharge. As of August 2015, the District believes that the best use of this District resource is to sell the property and use the proceeds to fund other District groundwater recharge projects.

DISTRICT ACTION PLAN

Landowner Assistance

According to the District, one of the most important services that it can provide to its landowners is assistance in the development of conditions within the District's jurisdiction and relative to its position on the Lower Kings Basin that will enable local farmers to continue farming operations under the proposed SGMA GSP.

During the preparation of the 2015 MSR, the District informed Fresno LAFCo that it is investigating additional resources for groundwater recharge to benefit District landowners. California is currently experiencing severe drought conditions with limited water availability; however, the District states that opportunities to acquire surplus water may occur in years with higher precipitation. The District will seek opportunities to partner with other water districts in the Lower Kings Basin to acquire water for recharge. The District has expressed that its geographic location is such that the more water that the District is able to recharge within its service area, the easier it will be to create a workable GSP under SGMA.

Landowner Representation

The District plans to represent its landowners by participating in partnerships with other Kings Basin water agencies. The District states that it recently joined the Upper Kings Basin Integrated Regional Water Management Authority (commonly known as the Kings Basin Water Authority (KBWA)). The KBWA is an entity of nearly sixty public, private and non-governmental organizations that have joined together to prepare an Integrated Regional Water Management Plan to help protect and improve water resources within the region. The District's board of directors regularly meets with other Kings Basin water agencies and water professionals to confer about local water policies. The

District's membership with KBWA provides opportunities to explore new developments that benefit its landowners. According to the District, the KBWA working groups help administer various state-mandated agricultural water programs.

It is imperative to the District that it fulfill its role in the implementation of SGMA by being actively involved in the SGMA process, developing and constructing groundwater recharge facilities, securing sources of water, and capturing floodwater to fill the planned recharge facilities, activities that will take a long period of time. The District states that it is focusing on continuous commitment to bring such benefits to the Raisin City area. These activities are vital to the success of implementing a workable GSP in the District and the Lower Kings Basin.

Local Landowner Programs

In preparation of this MSR, the District became aware that some of its residents, landowners, and concerned citizens do not understand what the District's purpose is, or what it does. The District recently began a special outreach education program for the benefit of these residents, landowners, and concerned citizens. The District informed Fresno LAFCo that it has prepared an information pamphlet, available in English and Spanish, which explains why the District was formed and its day-to-day operation. The pamphlet provides the District's background, states the services that District provides, clarifies that the District does not provide general municipal services, and also provides a lists of contact information for County departments that provide assistance with services in the unincorporated community of Raisin City.

The District states that it will build a website to provide District information that will be accessible to the public. The District plans to post District information, notices of board meetings, board agendas, audited financial statements, and meeting minutes. The District intends to provide additional SGMA related information and other agricultural water legislation updates on the District's website.

As of August 15, 2015, the District informed Fresno LAFCo that it launched an outreach program within the District's service area with local landowners and farmers. The first landowner meeting was held on August 5, 2015, and it included an informative presentation regarding the new state's water legislation known as SGMA. The District anticipates hosting a second community meeting outside of its current service area, but within its SOI to engage landowner interest in District annexations. The District informed Fresno LAFCo that it plans to pursue annexation of land west of its existing service area in order to increase landowner representation at the GSA.

Annexation of territory

As of August 2015, the District informed Fresno LAFCo that it is evaluating potential annexation opportunities for lands currently outside its service area. The District's service area consists of 51,719 acres; total acreage within the District's SOI amounts to approximately 80,125 acres. There are approximately 28,406 acres of land within the

District's SOI eligible for future annexation. Land available for annexation is generally north and west of the existing service area.

It is Fresno LAFCo's observation that areas located outside of any local agency's service area will be represented by the County as SGMA is implemented. The District intends to annex land into its service area so that landowners could be represented by the District once the implementation of SGMA occurs circa June 2017.¹⁴

During the preparation of this MSR, the District expressed interest in annexing land to the District due to the potential groundwater overdraft issues occurring on properties west of the District's service area boundaries. The District did not provide an annexation timeline; however, an annexation program, in Fresno LAFCo's opinion would help the District develop policies and actions that will fulfill the District's growth plans. The District's long-range concept of developing groundwater recharge facilities could be expanded to benefit of the areas west of Raisin City to abut Fresno Slough Water District and Mid Valley Water District. As envisioned by the District, this plan would direct access to the Fresno Slough and provide additional opportunities for the District to capture Kings River flood water releases for the purposes of groundwater recharge and downstream flood control.

LAND USE AND THE FRESNO COUNTY GENERAL PLAN

The County of Fresno is the land use authority for territory within the District's SOI and service area and the Fresno County General Plan Land Use Element designates these territories for agricultural uses. The District's service area consists of a combination of large and small farming operations that generally host permanent row crops and annual row crops. Farm operations within the District generally include vineyards, almonds, alfalfa, dairy farms, poultry farms and various row crops.

The unincorporated community of Raisin City is located within the District's service area boundaries. The community is located near the intersection of W. Bowles Avenue and S. Ormus Avenue and contains the majority of the rural residential homes and small commercial establishments located within the District service area. The U.S. Census Bureau recognizes the unincorporated community of Raisin City as a census-designated place (CDP) located within central Fresno County. The community has a population of approximately 380, a housing stock of 85 housing units, and a vacancy of 13 units. Of the 72 occupied housing units, 24 housing units were owner-occupied and the remaining 48 housing units were renter occupied as of February 2015.¹⁵

¹⁴ See Appendix C – RCWD's comments to Draft MSR- Response Five

¹⁵ U.S. Census- Profile of General Population and Housing Characteristics: 2010, Raisin City CDP California Web: http://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml#none Accessed: February 25, 2015

The unincorporated community of Raisin City is served with street lighting, recreation park maintenance, and domestic water services by County Service Area No. 43 (Raisin City). The CSA is a dependent local agency governed by the Fresno County Board of Supervisors. The Fresno County Department of Public Works maintains the community water system and contracts with PG&E to provide street lighting services. The service area for CSA No. 43 is largely built out and population growth is limited. Because the unincorporated community of Raisin City has historically experienced slow growth, it's anticipated that CSA No. 43 (Raisin City) would continue to provide municipal services to residents in the community.

DISADVANTAGED UNINCORPORATED COMMUNITIES

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH) requires Fresno LAFCo to make determinations regarding "disadvantaged unincorporated communities" ("DUCs") when considering a change of organization, reorganization, SOI expansion, and when conducting municipal service reviews.

For any updates to a SOI of a local agency (city or special district) that provides public facilities or services related to sewer, municipal and industrial water, or structural fire protection, the Commission shall consider and prepare written determinations regarding the present and planned capacity of public facilities and adequacy of public services, and infrastructure needs or deficiencies for any disadvantaged unincorporated community within of contiguous to the SOI of a city or special district.¹⁶

Government Code sec. 56033.5 defines a DUC as: i) all or a portion of a "disadvantaged community" as defined by sec. 79505.5 of the Water Code (territory with an annual median household income (MHI) that is less than 80 percent of the statewide annual median household income¹⁷ and as defined in Government Code sec. 56046 and Water Code sec. 79505.5); and as ii) "inhabited territory (12 or more registered voters), as defined by sec. 56046, or as determined by commission policy. Fresno LAFCo policy further refines a DUC as having at least 15 dwelling units at a density not less than one unit per acre.

This MSR uses U.S. Census information to quantify the economic composition of all the census block groups within and the vicinity of the District's boundaries. Geographic Information System (GIS) files were derived from the U.S. Census Bureau's American Community Survey (ACS) compiled for the five-year period 2006-2010 to identify the demographic composition for the geographies within the agency's boundaries. Although the ACS provides annual and three-year estimates, the five-year reports between years 2006-2010 provide more precise data and mapping information for

¹⁶ Government Codes section 56425(e) 5, Present and Probable need; disadvantaged unincorporated communities

¹⁷ The statewide MHI reported for years 2006 through 2010 was \$60,883, the DUC MHI threshold is therefore a reported MHI that is less than \$48,706.

analyzing small populations. The five-year reports are the most reliable form of information generated by the U.S. Census.¹⁸

The census block group is a geographical unit used by the U.S. Census Bureau to sample data which is only collected from a fraction of all households within the census geographic unit. On average, census block groups have a population of 600 to 3,000 people, and provide the number of households, population, and MHI data for those residents residing within the geographic unit.

A review of the ACS five-year estimated for years 2006 through 2010 ACS was conducted by Fresno LAFCo to provide a description of the demographic composition within the District boundaries. The District is located in the unincorporated portions of Fresno County generally within- US census tracts 39, 75, and 76. California's statewide MHI reported for years 2006 through 2010 was \$60,883. The DUC threshold for any geographic area is a MHI that is less than \$48,706.¹⁹

The five-year estimates indicate that census tract 39 had a MHI of \$37,877, census tract 75 had a MHI of \$44,398, and census tract 76 had a MHI of \$38,281. Based on these census datasets, the MHI for the census tracts within the District boundaries are consistent with the standard definition established for Disadvantaged Communities.

The District informed Fresno LAFCo staff that it does not own public facilities that would present a direct benefit to a potential DUC. Fresno LAFCo designates the District as a non-municipal local agency that does not provide municipal services that facilitate, support, or induce population growth. The District does not provide services related to public sewer, municipal and industrial water, or structural fire protection that would present opportunity to extend services to a DUC.

SUSTAINABLE GROUNDWATER MANAGEMENT ACT - PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES

As mentioned above, the District informed Fresno LAFCo staff that it is taking an active role in the implementation of SGMA in order to maintain local control of groundwater management decisions. The District expressed to Fresno LAFCo that it is in place to represent landowners within the District. The District primary interest is to assist landowners to continue farming operations at successful and economical levels throughout the implementation of SGMA.²⁰ The District expressed interest in annexing land within its current SOI due to the potential groundwater overdraft issues occurring in properties west of the District service area.

¹⁸ US Census Bureau, http://www.census.gov/acs/www/guidance_for_data_users/estimates/

¹⁹ California Water Code 79505.5.

²⁰ See Appendix C – RCWD's comments to Draft MSR- Response Six and Seven

Through the MSR preparation Fresno LAFCo made several observations of the District services. Under state statute, this District has power 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 with any such projects. The District appears to historically have been engaged in planning efforts to capture and identify groundwater recharge opportunities with limited success in developing infrastructure. Fresno LAFCo could not evaluate tangible services to District landowners in the preparation of this 2015 MSR. However, the District provided Fresno LAFCo descriptions of intangible services it provides its landowners as described in the District's Action Plan earlier in this report.

The District also intends to develop infrastructure to help bring the areas into balance. As indicated in the *Description of the District* of this MSR, the District plans to serve as a median to protect farmers and landowners from being affected by SGMA. It is the District's opinion that the agency is positioned to protect and assist landowners to maintain land values at profitable levels through the implementation of SGMA. The District informed Fresno LAFCo that it serves approximately 700 landowners, approximately 880 parcels of land, of which out of the 880 parcels approximately 450 parcels are engage in farming operation.

It appears that over the past 52 years the District has been challenged to fulfill its initial formation purpose to secure a source of surface water. Nevertheless, the District has focused its services to represent landowners, advocate water rights, and study and conduct plan studies in pursuit of groundwater recharge projects that will fulfill the SGMA goal of balancing the groundwater. The District informed Fresno LAFCo that it focuses its services by the following criteria: 1) Ongoing active participation of the District in the implementation of SGMA and the administration of water policy in the Lower Kings Basin; 2) The success of the District in achieving its goal of developing multiple groundwater recharge facilities within the District; and 3) The District achieving a reduction in the amount of groundwater overdraft within the District.

DISTRICT ADMINISTRATION

During the preparation of the 2015 MSR, the District reorganized its administrative management. As of August, 2015, the District informed Fresno LAFCo that Heintz Business Management, Inc. has been contracted to manage the District's administrative and financial functions.

DISTRICT FINANCES

The District is primarily financed by annual property assessments charged to all landowners within the District. The 2007 MSR for the District indicates that agency collects an annual land assessment of \$0.75 per acre for over the past 25 years. According to Board of Directors' agenda records provided to Fresno LAFCo by the District, during its October 3, 2014, the Board took action to set land assessments at \$2.00 minimum for properties under an acre. According to the District, annual land assessments are collected by the District and are used to provide some direct services,²¹ and other services through cooperative agreements with other local agencies. The District uses funding from land assessments to administer District operations, fund the development of future District recharge projects, conduct groundwater studies, and advocate and represent landowners within the District. The District does not presently charge fees for any of these services.

Based on information gathered by Fresno LAFCo staff, the current land assessments collected by the District appear to be inadequate to finance the planned construction and operation of canals necessary to convey water delivery services as presented by the 2012 feasibility study. This statement is supported by Fresno LAFCo's 2007 MSR evaluation of the District financial abilities.²² Actual construction of planned future infrastructure is anticipated to come from a combination of state grants and loans, with debt service primarily paid by landowners within the District. State funding, if available, would be on a competitive basis with many other agencies applying for the same available grant resources.²³

The District board adopts an annual budget each year that projects the cost for District operations for the coming year. The District adopted budget for FY 2014-15 shows a total of \$38,550. The District estimates its largest expenses to be allocated towards the following services: \$8,750 for district administration, \$5,300 for legal counsel, \$5,000 for insurance expenses, \$4,250 for District audits, \$3,200 for repairs and maintenance, and \$2,600 for engineering services.

²¹ See Appendix C – RCWD's comments to Draft MSR- Response Eight

²² Fresno Local Agency Formation Commission, RCWD MSR. August 22, 2007. page 5.8-4

²³ See Appendix C – RCWD's comments to Draft MSR- Response Nine

Table 1- Raisin City Water District Budget 2014-2015

Advertising	\$1,500
Association Fees	\$1,100
Director's Fees	\$2,000
Dues	\$2,500
Engineering	\$2,600
Insurance	\$5,000
Office Supplies	\$1,500
Administration	\$8,750
Legal	\$5,300
Audit	\$4,250
Telephone	\$850
Repairs & Maintenance	\$3,200
Total Budget	\$38,550

The District informed Fresno LAFCo that services provided to landowners includes:

1. Advocacy for, and information to, landowners within the District regarding statewide water policy, new legislation, and other issues affecting agricultural irrigation;
2. Participation in the implementation of the State Sustainable Groundwater Management Act on behalf of landowners within the District;
3. The District, is seeking funding for the McMullin On-Farm Flood Capture & Recharge Project Phase 2 Expansion. This project may rely, in part, on the District securing available grant funding;²⁴
4. Exploration of opportunities to develop other District based groundwater recharge facilities;
5. Exploration of opportunities to develop additional sources of water to use in the District's planned groundwater recharge facilities;²⁵
6. The District provides representation of its landowners in the administration of water policy within the greater Kings Basin;
7. The District provides outreach to District landowners about agricultural irrigation issues

²⁴ See Appendix C – RCWD's comments to Draft MSR- Response 10

²⁵ Ibid. Response 11

The budget information shared with Fresno LAFCo provides assistance to generate a description of the District's expenditures, although the District appears to focus its existing resources to represent landowners, advocate water rights, and study and conduct plan studies for groundwater recharge projects.

Through the MSR process, Fresno LAFCo observes that the District primarily provides intangible services; these are services that are not physically measurable. The District provides landowner representation among other local agencies involved with the organization and implementation of SGMA in the Lower Kings Groundwater Basin. The District informed Fresno LAFCo that its existing land assessments and revenues generated by the District up to date have been sufficient to cover the District's operating costs for these services. The District states that it may need to impose fees, increase assessments, or receive some other source of revenue at such time as the District expands its services. Land assessments would be adjusted to the District costs of such services. District informed Fresno LAFCo that it does not have any outstanding debt.

Two auditor reports were provided by the District to present the District's basic financial statements for fiscal years ending June 30, 2013, and June 30, 2014. These two auditor reports are included in their entirety as Appendix A and B of this MSR.

The financial statements observe that the District is using accounting methods similar to those used by the private sector companies. These statements offer short- and long-term information about the District's activities. The Statement of Net Position includes all of the District's assets and liabilities and provides information on the nature and amounts of investments in resources (assets) and the obligations to the District's creditors (liabilities). It also provides the basis for evaluating the capital structures of the District and assessing the liquidity and financial flexibility of the District.

All of the year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement can be used to determine if the District has successfully recovered all of its costs through its user fees and other charges, its profitability, and its credit worthiness.

The final financial statement is the Statement of Cash Flow, reporting cash receipts, payments, and net charges in cash resulting in operations, financing, and investing activities and responds to such questions as where did the cash come from, what was the cash used for, and what was the change in the cash balance during the reporting period.

Net Position

A comparison of the Statement of Net Position can determine the change in the components of financial position (the assets and liabilities) of the District from year-end

to year-end. These comparisons are presented in tables one for 2013-12 and table two for 2014-13 below.

Table 2 – Condensed Statement of Net Position – June 30, 2013 and 2012

	2013	2012	Dollar Change	Percent Change
Current Assets	\$693,193	\$711,019	\$(17,826)	-2.51%
Capital Assets	\$39,700	\$39,700	-	0.00%
Total Assets	\$732,893	\$750,719	\$(17,826)	-2.37%
Current Liabilities				
Total Liabilities	\$32,989	\$69,530	(\$36,541)	-52.55%
Unrestrictive Assets	\$660,204	\$641,489	\$18,715	2.92%
Investment Capital Assets	\$39,700	\$39,700	-	0.00%
Total Net Position	\$699,904	\$681,189	\$18,715	2.75%

Table 3 – Condensed Statement of Net Position – June 30, 2014 and 2013

	2014	2013	Dollar Change	Percent Change
Current Assets	\$677,315	\$693,193	\$(15,878)	-2.29%
Capital Assets	\$39,700	\$39,700	-	0.00%
Total Assets	\$717,015	\$732,893	\$(158,878)	-2.17%
Current Liabilities				
Total Liabilities	\$65	\$32,989	(\$32,924)	-99.80%
Unrestrictive Assets	\$677,250	\$660,204	\$17,046	2.58%
Investment Capital Assets	\$39,700	\$39,700	-	0.00%
Total Net Position	\$716,950	\$699,904	\$17,046	2.44%

Revenues, Expenses and Changes in Net Position

A comparison of the statement of Revenues, Expenses and Changes in Net Position each year will explain the changes in financial position that resulted from the operating activities during the year. This comparison is presented in the table below.

Table 4- Condensed Statement of Revenues, Expenses, and Changes in Net Position for the Year June 30, 2013 and 2012

	2013	2012	Dollar Change	Percent Change
Operating Revenues	\$37,225	\$40,549	\$(3,324)	-8.20%
Operating Expenses	\$32,415	\$217,191	(184,776)	-85.08%
Operating Income (Loss)	\$4,810	\$(176,642)	\$181,452	-102.72%
Non-Operating Revenues	\$13,905	\$196,388	\$(182,483)	-92.92%
Change in Net Position	\$18,715	\$19,746	\$(1,031)	-5.22%
Net Position- Beginning of Year	\$681,189	\$661,443	\$19,746	2.99%
Net Position – End of Year	\$699,904	\$681,189	\$18,715	2.75%

Table 5- Condensed Statement of Revenues, Expenses, and Changes in Net Position for the Year June 30, 2014 and 2013

	2014	2013	Dollar Change	Percent Change
Operating Revenues	\$38,624	\$37,225	\$1,399	3.76%
Operating Expenses	\$49,446	\$32,415	\$17,031	52.54%
Operating Income (Loss)	\$(10,822)	\$4,810	\$(15,632)	-324.99%
Non-Operating Revenues	\$27,868	\$13,905	\$13,693	100.42%
Change in Net Position	\$17,046	\$18,715	\$(1,669)	-8.92%
Net Position- Beginning of Year	\$699,904	\$681,189	18,715	2.75%
Net Position – End of Year	\$716,950	\$699,904	\$17,046	2.44%

For auditor report ending on June 30, 2013, it's noted that – as of June 30, 2013, the carrying amount of the District's cash deposits in noninterest bearing accounts was \$209,324 and the bank balance was \$210,056. The difference between the bank balance and the carrying amount represents outstanding checks and deposit transit. The June 2013 carrying amount and bank balance of the District's cash deposits in the bank certificate of deposit accounts was \$434,151.

For auditor report ending on June 30, 2014, it's noted that – as of June 30, 2014, the carrying amount of the District's cash deposits in noninterest bearing accounts was \$230,903 and the bank balance was \$232,657. The difference between the bank balance and the carrying amount represents outstanding checks and deposit transit. The June 2014 carrying amount and bank balance of the District's cash deposits in the bank certificate of deposit accounts was \$437,302.

Fresno LAFCo notes that in both audit reports provided for year ending on June 30, 2013 and year ending on June 30, 2014, concluding notes under the District related party transactions states:

- During the year [ending on June 30, 2013], the District paid \$10,048 for clerical service to a family member of a District Board of Directors.
- During the year [ending on June 30, 2014], the District paid \$7,860 for clerical services to a family member of a District Board of Directors.

On August 18, 2015, Fresno LAFCo staff contacted the independent auditor that authored the audit reports to clarify the ending notes listed in the District's related party transactions statement. The auditor stated that for several years District clerical services were provided by the spouse of a former board of director of the District. It is understood that this party was compensated for the work. In the process of preparing this MSR the District secretary resigned for unknown reasons. The District informed Fresno LAFCo that the former Director left the Board in 2013, while the Secretary continued to work for the District until April of 2015. It is unknown how long the District was engaged in this practice of employing immediate family members.²⁶

The auditor stated that throughout the preparation of both the 2013 and 2014 audit reports, the auditor did not notice a potential conflict of interest as it relates to the spouse of a former board of director serving the as the District's secretary.²⁷ During Fresno LAFCo's review of the District's 1995 bylaws, the District office was operated from a residential property located at 10465 South Westlawn Avenue, Fresno, Ca 93706. A verification of the property ownership for the District office location indicates that this

²⁶ See Appendix C – RCWD's comments to Draft MSR- Response 12

²⁷ Fresno LAFCo Staff Telephone Conversation with Auditor- August 18, 2015

location has a Joint Tenancy Grant Deed granted for the two individual in subject dating from April 21, 1967.

The auditor stated that it was his experience that remote special districts similar to RCWD have a limited pool of potential employees available to operate the District's operations and frequently rely on family members to fulfill District responsibilities. In this case, the auditor believed that the marital status of the District employee to a Board member appeared to be common knowledge given that the entire District board signed off the pay checks made to the former Secretary. However, it is not known if this relationship was known by the general population within the District service area.²⁸

As of June 2015, the District entered into contract for its administrative management and new office location with a Heintz Business Management located at 1100 W. Shaw Avenue, Suite 148, Fresno, Ca 93711. Since the potential conflict of interest was discovered, several members of the Board of Directors have changed. The District has since demonstrated efforts to become much more transparent to the landowners and residents of the District.²⁹

INFRASTRUCTURE

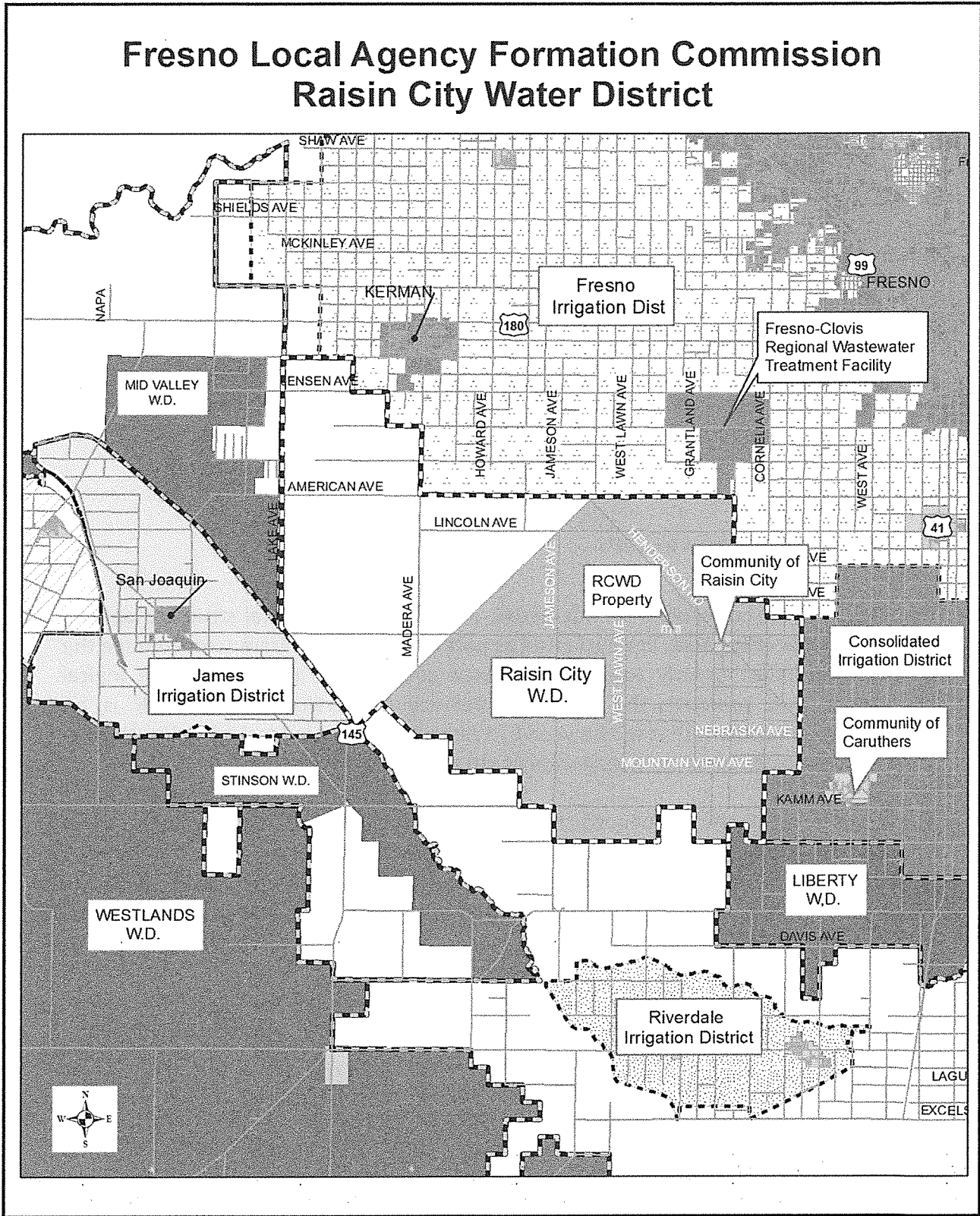
Figure three, RCWD Vicinity map illustrates local agencies within the vicinity of the District that could present opportunities for shared facilities in the form of mutual agreement for shared infrastructure. These agencies could include:

- Fresno Irrigation District to the north;
- Consolidated Irrigation District to the east;
- Liberty Water District to the southeast;
- Stinson Water District to the southwest;
- James Irrigation District to the west; and
- Mid-Valley Water District to the northwest.

²⁸ Public Comments made at Fresno LAFCo June 3, 2015 hearing

²⁹ See Appendix C – RCWD's comments to Draft MSR- Response 12

Figure 3: RCWD Vicinity Map



At the time of preparing this MSR, the District did not indicate that it owns physical infrastructure, it had no full-time employees, and had been previously operated from a residential location. The District office was relocated by the board of directors amending the District's 1995 bylaws on August 11, 2015. The District appears to be limited in opportunities for shared facilities at the present time, however the District expressed to Fresno LAFCo that numerous opportunities for shared facilities could come to fruition with neighboring districts.³⁰ It is Fresno LAFCo's observation that any potential future opportunities for shared facilities are limited to the 80-acre site if the land is not ultimately sold by the District.

It appears that California's implementation of the SGMA legislation may present future opportunities for shared facilities. It is noted in the Memorandum of Understanding for the Lower Kings Groundwater Basin that the purposes of the agreement are for 1) to facilitate a cooperative and ongoing working relationship between agencies that will allow them to explore, study, evaluate and develop and implement mutually beneficial approaches and strategies for implementing SGMA, and 2) to facilitate contracts with other agencies within the Kings Basin. Opportunities for shared facilities are limited for the District; No other opportunities are identified by Fresno LAFCo at this time.

DISTRICT ACCOUNTABILITY

Accountability for community service needs, including governmental structure options and operational efficiencies are evaluated as part of the MSR Program to encourage the current and future orderly formation of local government agencies, create logical boundaries, and promote the efficiency delivery of services. This MSR is an informational document that will be used by Fresno LAFCo, other local agencies, and the general public to discuss future government structures for the District.

The District is clearly influenced by SGMA to revitalize its responsibilities and operational activities. One of the indicators that Fresno LAFCo utilized to determine accountability for community service needs, governmental structure, and operational efficiencies is the agency's level of transparency and its participation with the Commission's MSR program.

As mentioned above, California Water Code section 34000-38500 authorizes the formation of 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.³¹ This District is an independent special district which has a separate board of directors not governed by other legislative bodies (either a city council or a county board of

³⁰ See Appendix C – RCWD's comments to Draft MSR- Response 13

³¹ California Water Code Section 35401

supervisors). The District is a landowner-voter District which conducts its own elections typically on odd years. Currently one board member is fulfilling a recent vacancy set to expire in 2015; the interim term is scheduled for reelection for the fall 2015. Two members of the board have terms that are set to expire in 2015, and the remaining two are set to expire in 2017. Candidates for the District board must either hold title to land within the District or be the legal representative of a title holder of land within the District.

A body of five elected officials serves as the Board of Directors governing the District's operations. The District board has the ability to elect a president from its members and appoint the agency's secretary. During early stages of the MSR preparation, the District appeared to experience deficiencies in record keeping which reflected the secretary's responsiveness to Fresno LAFCO's requests for public information. The District informed Fresno LAFCO it was undergoing an internal reorganization of its office administration. The District informed Fresno LAFCO that it was in the process of transferring its general administrative services to an independent business management company.

As of June 3, 2015, the District has demonstrated the following administrative activities:

- The board took action to relocate the District office;
- The board took action to relocate board meetings and frequency;
- The board unanimously amend its 1995 bylaws;
- The District conducts public outreach and education meetings;
- The District plans to conduct District elections;
- The District will investigate its property lien policy;
- The District plans to increase its interaction with other local agencies; and,

The District established a more professional structure for the administration of the District. The District's new administration management consultant has been tasked with the organization of the District's administrative record which includes updating financial reports, organize District records, and assist the board of directors comply with agency regulations, and assisting the District comply with its principal act and bylaws.

The District board took action to amend its 1995 bylaws to relocate its previous office location from a residential property located at 10465 South Westlawn Avenue, Fresno, Ca 93706 to a new publicly accessible location at 1100 W. Shaw Avenue, Fresno, Ca 93711. The office location is located at the administration consult's office and is open to the public during weekly regular business hours. District board meetings were also amended. The board previously held one regular meeting on the third Tuesday in the month of June at the previous district office. The District now holds its board meetings at Raisin City Elementary School, located at 6425 West Bowles, Raisin City, Ca 93652 on the second Tuesday of each month at 3:00 p.m. The District posts agendas and meeting information at least 72 hours before a regular meeting. Opportunities for the public to

address the board of directors are provided during the allotted time for public comments in each meeting agenda.

As previously noted, the District board of directors amended its 1995 bylaws by adopting a resolution at its August 11, 2015 meeting. The District's bylaw amendment came to light as a result of early inefficiencies observed through the early stages of Fresno LAFCo Draft MSR. The District has improved its staffing and administration its operation and has also amended its bylaws to address Fresno LAFCo's concerns.

The District plans to conduct its biennial elections fall of 2015. The Board decided to delay the planned elections date of October 27, 2015, to provide additional time for public notice and community participation in the election process. The District plans to mail bilingual notices to all landowners that reside within the District.

The District is planning to embark a full review of its practice to file liens on properties with delinquent assessments. During the 2015 MSR preparation it became apparent that community residents were unaware of how the District used funds collected from annual land assessments. The District informed Fresno LAFCo that it plans to review its practice and investigate whether liens were properly released after the unpaid assessments were subsequently paid. The District informed Fresno LAFCo that the board is currently evaluating its policies and processes for assessment charges for parcels within the District where the assessments amount is minimal,³² for example parcels whose assessment charge fall below a certain threshold level, such as \$10.00 annually.

These smaller parcels are presumed to be primarily located in the community of Raisin City, a Disadvantaged Unincorporated Community per Fresno LAFCo policy. The District will evaluate its options, and if it's legally possible it will consider exempting these parcels from the District's annual land assessment. The District expressed that administrative costs to collect delinquent assessments or past fees for small parcels often exceeds the actual revenue generated by the District.³³

Through the MSR program, it appears that the District is attempting to improve its interaction with its community and other local agencies. Fresno LAFCo observes that the District plans to be a major stakeholder in the implementation of the SGMA. The District has entered into an MOU with 18 agencies: Burrel Ditch Company, Clark's Fork Reclamation District, Crescent Canal Company, County of Fresno, Fresno Slough Water District, James Irrigation District, Kings River Conservation District, Laguna Irrigation District, Liberty Canal Company, Liberty Mill Race Company, Liberty Water District, Raisin City Water District, Reclamation District #1606, Reed Ditch Company, Riverdale

³² See Appendix C – RCWD's comments to Draft MSR- Response 14

³³ Ibid.

Irrigation District, Stinson Canal & Irrigation Company, Stinson Water District, and Upper San Jose Water Company, to implement SGMA in the lower Kings Groundwater Basin.

Other Districts that overlay or are adjacent to the Raisin City Water District include:

- The West Fresno County Red Scale Protection District that provides pest control;
- The Consolidated, Fresno and Fresno Westside Mosquito Abatement Districts provide mosquito control and abatement services;
- The Riverdale Memorial District formed to recognize and serve the veterans of the area;
- The Fresno County Library District provides library services;
- The Fresno County and North Central Fire Protection District that provide emergency medical and fire suppression services;
- County Service Area No. 43 (Raisin City) that provides lighting, recreation and water service to the Community of Raisin City;
- The Kings River Conservation District for flood prevention and hydrological power; and
- The Washington Colony Cemetery District that provides for the internment of human remains.

2. MSR DETERMINATIONS

This portion of the report addresses the factors specified in the governing statute for Municipal Service Reviews and provides analysis in conformance with Government Code §56425 and Fresno LAFCo policy. Pursuant to Government Code §56430, the Commission prepares the following written determinations.

1. GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA.

- ❖ The District is designated as a non-municipal local agency, which means that the District provides non-municipal services. Services provided by the District do not facilitate, support, or induce population growth.
- ❖ The District does not provide direct water services; however, the District has been taking an active role in the implementation of California's Sustainable Groundwater Management Act ("SGMA") in order to assist landowners in continuing their farming operations at successful and economical levels
- ❖ The District is evaluating potential annexation opportunities for lands currently outside its service area.
- ❖ The District is adequate in size considering that District growth has been historically conservative.
- ❖ The County of Fresno is the land use authority for territory within the District's boundaries. The Fresno County General Plan Land Use Elements designates territories as agricultural use within the District's boundaries. No significant changes to population are anticipated.

2. THE LOCATION AND CHARACTERISTICS OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE SPHERE OF INFLUENCE.

- ❖ A review of the American Communities Survey five-year estimates indicate that the MHI for the census tracts and block groups within the District boundaries are considered Disadvantaged Communities.
- ❖ The District is designated by LAFCo policy as a level three non-municipal local agency, meaning that the District is authorized to provide non-municipal services.
- ❖ The District has no public facilities or provides services related to sewer, municipal and industrial water, or structural fire protection that would present opportunity to extend services to a disadvantaged unincorporated community.

3. PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND INFRASTRUCTURE NEEDS OR DEFICIENCIES.

- ❖ The District entered into a Memorandum of Understanding for coordinating the implementation of the SGMA in the Lower Kings Groundwater Basin.
- ❖ The District expressed interest in annexing land to the District due to the potential groundwater overdraft issues occurring in properties west of the District service area.
- ❖ Since the District's formation in 1962, Fresno LAFCo records indicate that the District owns no public facilities or physical infrastructure. No direct water services to landowners are currently provided by the District.
- ❖ The District has no existing surface water entitlements so farmers within the District service area irrigate land by pumping groundwater.
- ❖ District owns approximately 80-acres of undeveloped land located at the northeast corner of Chateau Fresno Avenue and Manning Avenue, in Fresno County. As of August 2015, the District informed Fresno LAFCo that it believes that the best use of this District's resource may be to sell the 80 acre property.
- ❖ The District states that it is in place to be a vocal advocate and representative agency on behalf of its landowners as this new legislation begins to be implemented. The District informed Fresno LAFCo that it serves approximately 880 parcels of land, of which approximately 450 parcels are engaged in farming operation.

4. FINANCIAL ABILITY OF AGENCY TO PROVIDE SERVICES.

- ❖ The District is primarily financed by annual property assessments charged to all landowners within the District.
- ❖ Annual land assessments are collected by the District and are utilized to provide some direct services. Other services are provided through cooperative agreements with other local agencies. The District uses land assessment to maintain the operation of the District, help fund the development of future District recharge projects, conduct groundwater studies, represent and advocate for landowners within the District.
- ❖ The District does not presently charge fees for any of its provided services; however, it historically has relied on the collection of land assessments and state grant opportunities to fund its ongoing operation.

- ❖ Fresno LAFCo notes that the current land assessments collected by the District appear to be inadequate to finance the planned construction and operation of canals necessary to convey water delivery services as presented by the 2012 feasibility study. This statement is supported by LAFCo's 2007 MSR evaluation of the District financial abilities.
- ❖ Fresno LAFCo observes that the District primarily provides intangible services; these are services that are not physically measurable. The District provides landowner representation among other local agencies involved with the organization and implementation of SGMA in the Lower Kings Groundwater Basin.
- ❖ The District informed Fresno LAFCo that its existing land assessments and revenues generated by the District up to date have been sufficient to cover the District's operating costs for these services.
- ❖ The District states that it may need to impose fees, increase assessments, or receive some other source of revenue at such time as the District expands its services. Land assessments would be adjusted to the District costs of such services. District informed LAFCo that it does not have any outstanding debt.
- ❖ The District informed LAFCo that the board of directors currently is considering establishing a policy to waive assessment charges for parcels within the District whose charge falls below a certain threshold level, such as \$10.00 annually. These smaller parcels are presumed to be primarily located in the community of Raising City. The District plans to evaluate its options, and if it's legally possible it will consider exempting these parcels from the billing of the District's land assessment.

5. STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES.

- ❖ The District appears to be limited in opportunities for shared facilities at the present time. Any potential future opportunities for shared facilities are limited to the 80-acre site if the land is not ultimately sold.
- ❖ It is Fresno LAFCo observation that local agencies within the vicinity of RCWD that could present opportunities for shared facilities in the form of mutual agreement for shared infrastructure could include:
 - Fresno Irrigation District to the north;
 - Consolidated Irrigation District to the east;
 - Liberty Water District to the southeast;
 - Stinson Water District to the southwest;
 - James Irrigation District to the west,
 - Mid-Valley Water District to the northwest,

- ❖ Fresno LAFCo notes that the Memorandum of Understanding for the Lower Kings Groundwater Basin that the purposes of the agreement are for 1) facilitate a cooperative and ongoing working relationship between agencies that will allow them to explore, study, evaluate and develop and implement mutually beneficial approaches and strategies for implementing SGMA, 2) Facilitate contracts with other agencies within the Kings Basin.

6. ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES.

- ❖ California Water Code section 34000-38500 authorizes the formation of 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.
- ❖ The District informed Fresno LAFCo that it was in the process of transferring its general administrative services to an independent business management company. As of June 3, 2015, the District has demonstrated great progress in its district administration. Recent District improvements are described earlier in this MSR.
- ❖ The District's new administration management consultant has been tasked with the organization of the District's administrative record which includes updating financial reports, organize District records, and assist the board of directors comply with agency regulations, and assisting the District comply with its principal act and bylaws.
- ❖ On August 11, 2015, the District board took action to amend its 1995 bylaws. The District moved its previous office location from a residential property located at 10465 South Westlawn Avenue, Fresno, Ca 93706 to a new publicly accessible location at 1100 W. Shaw Avenue, Fresno, Ca 93711.
- ❖ District board meetings to be held at Raisin City Elementary School, located at 6425 West Bowles, Raisin City, Ca 93652 on the second Tuesday of each month at 3:00 p.m. Opportunities for the public to address the board of directors are provided during the allotted time for public comments in each meeting agenda.
- ❖ The District's bylaw amendment came to light as a result of early inefficiencies identified by Fresno LAFCo Draft MSR. Being that the District has made fast strides to improve its operation and has also amended its

bylaws to address Fresno LAFCo's concerns; Fresno LAFCo notes that District has demonstrated great effort since the initiation of the MSR update.

- ❖ Since April 2015, the District has made drastic communication improvements. Since Fresno LAFCo's June 3, 2015 hearing, the District prepared educational information pamphlets and hosted community meetings to educate the community on California Water District and SGMA.
- ❖ Through the MSR program, it appears that the District is improving its interaction with its community and other local agencies. Fresno LAFCo observes that the District plans to be a major stakeholder in the implementation of the SGMA.

7. ANY OTHER MATTER RELATED TO EFFECTIVE OR EFFICIENT SERVICE DELIVERY, AS REQUIRED BY COMMISSION POLICY.

- ❖ The District has been in existence since 1962 with no tangible form of services provided by the agency.
- ❖ The agency currently does not hold any surface water entitlement; however the District strides to improve groundwater management within the Raisin City area though developing mutual partnerships with neighboring Districts within the Lower Kings Groundwater Basin.

3. SPHERE OF INFLUENCE REVIEW AND UPDATE

In order to carry out the Commission's purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies subject to its jurisdiction, the Commission shall develop and determine the sphere of influence of each city and each special district within the County and enact policies designed to promote the logical and orderly development of areas within the sphere. A sphere of Influence is defined as "a plan for the probable physical boundaries and service area of a local agency, as determined by the commission."

In determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its determinations with respect 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;
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.

In determining a sphere of influence, the Commission may assess the feasibility of governmental reorganization of particular agencies and recommend reorganization of those agencies when reorganization is found to be feasible and if reorganization will further the goals of orderly development and efficient and affordable service delivery. The Commission shall make all reasonable efforts to ensure wide public dissemination of the recommendations.

When adopting, amending, or updating a sphere of influence for a special district, the Commission shall establish the nature, location, and extent of any functions or classes of services provided by existing districts. The Commission may require existing districts to

file written statements with the commission specifying the functions or classes of services provided by those districts.

Chapter one of this MSR provides the foundation for the SOI determinations. As previously indicated, the District's boundaries and sphere of influence are not generally coterminous; the SOI encompasses 80,125 acres and the service area encompasses approximately 51,719 acres. The District reports its sphere and boundary is correct at this time and no changes are requested. County of Fresno is the land use authority for land located within the District's service area. The Fresno County General Plan designates the land within the District for Agricultural uses. In accordance with Government Code Section 56066, Fresno is the principal county and Fresno LAFCO is responsible for preparing the following determinations for the Sphere of Influence include in this Municipal Service Review.

When Fresno LAFCO updates a sphere of influence it must adopt specific determinations with respect to the following factors:

1. PRESENT AND PLANNED LAND USES, INCLUDING AGRICULTURAL AND OPEN-SPACE LANDS.

- ❖ The District does not provide direct water services to its customers.
- ❖ The District has been taking an active role in the implementation of California's Sustainable Groundwater Management Act ("SGMA") and intends to participate in the planning efforts of the Groundwater Sustainable Agency (GSA) on behalf of its landowners in the District. The District intends to advocate and protect its landowners' interests as the Groundwater Sustainable Plan (GSP) is prepared by the GSA.
- ❖ The County of Fresno is the land use authority for territory within the District's boundaries. The Fresno County General Plan Land Use Elements designates territories as agricultural use within the District's boundaries. No significant changes to population are anticipated.

2. PRESENT AND PROBABLE NEED FOR PUBLIC FACILITIES AND SERVICES IN THE AREA.

- ❖ The District states that it is in place to advocate and represent its landowners as this new SGMA legislation is implemented.
- ❖ The District informed Fresno LAFCo that it serves approximately 880 parcels of land, of which approximately 450 parcels are engaged in farming operation.

- ❖ Since the District's formation in 1962, Fresno LAFCo records indicate that the District owns no public facilities or physical infrastructure. No direct water services to landowners are currently being provided by the District.
- ❖ The District has no existing surface water entitlements so farmers within the District service area irrigate land by pumping groundwater. Fresno LAFCo observes that the District currently provides intangible services; these are services that are not physically measurable.
- ❖ District owns approximately 80-acres of undeveloped land located at the northeast corner of Chateau Fresno Avenue and Manning Avenue, in Fresno County. As of August 2015, the District informed Fresno LAFCo that it believes that the best use of this District's resource may be to sell the 80 acre property.
- ❖ District informed Fresno LAFCo that its existing land assessments and revenues generated by the District up to date have been sufficient to cover the District's operating costs. In contrast, the District informed Fresno LAFCo that the board is currently evaluating its policies and processes for assessment charges for parcels within the District where the assessments amount is minimal,³⁴ for example parcels whose assessment charge fall below a certain threshold level, such as \$10.00 annually.
- ❖ The District states that it may need to impose fees, increase assessments, or receive some other source of revenue at such time as it expands its services. District informed LAFCo that it does not have any outstanding debt.

3. PRESENT CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES THAT THE AGENCY PROVIDES OR IS AUTHORIZED TO PROVIDE.

- ❖ Fresno LAFCo observes that the District primarily provides intangible services; these are services that are not physically measurable. The District provides landowner representation among other local agencies involved with the organization and implementation of SGMA in the Lower Kings Groundwater Basin.
- ❖ The District informed Fresno LAFCo staff that it provides its landowner with some services directly, and other services are provided indirectly through joint partnership with other Districts.

³⁴ See Appendix C – RCWD's comments to Draft MSR- Response 14

4. EXISTENCE OF ANY SOCIAL OR ECONOMIC COMMUNITIES OF INTEREST IN THE AREA IF THE COMMISSION DETERMINES THAT THEY ARE RELEVANT TO THE AGENCY.

- ❖ The District informed Fresno LAFCo that it is evaluating potential annexation opportunities for lands currently outside its service area. Land available for annexation is generally north and west of the existing service area. This area is within the Lower Kings Basin, but at this time is not technically represented by a local agency to protect its interests as it relates to farming operation and irrigation water. It is Fresno LAFCo's observation that areas located outside of any local agency's service area would be represented by the County as SGMA is implemented. The District intends to annex land into its service area so that landowners could be represented by the District once the implementation of SGMA begins to occur circa June 2017. The District did not provide an annexation timeline; however, Fresno LAFCo encourages the District develop an annexation program. Such a program would assist the District develop policy that will ultimately guide the District's annexation program.

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.

- ❖ The District is designated by LAFCo policy as a non-municipal local agency, meaning that the District is authorized to provide non-municipal services. The District has no public facilities or provides services related to sewer, municipal and industrial water, or structural fire protection that would present opportunity to extend services to a disadvantaged unincorporated community.

4. RECOMMENDATIONS

In consideration of information gathered and evaluated during the 2015 Municipal Service Review, it is recommended the Commission:

1. Receive this report and any public testimony regarding the proposed Municipal Service Review and proposed Sphere of Influence Update.
2. Find that the Municipal Service Review is exempt from the California Environmental Quality Act pursuant to section 15306 (Information Collection).
3. Approve the recommended Municipal Service Review determinations, together with any changes deemed appropriate.
4. In consideration of the potential beneficial effect to the general public of the District's active participation in the SGMA, it is recommended that the Commission update the District's SOI with no modification, maintaining the District's SOI in its existing configuration.
5. Based on information provided to the Commission on June 3, 2015 hearing, the Commission advises the District to take the following fundamental actions:
 - a) Immediately and continuously hereafter, the District will adhere to state statutes that ensure that its affairs are conducted in an accountable, transparent, and accessible manner.
 - b) Within the next six months, the District will offer a publically accessible District website that includes District information relating to, but not limited to, notices of District board meetings, board meeting agendas, board meeting minutes, and any information deemed appropriate to share publically.
 - c) Within the next six months, the District will evaluate its property assessment practices and resolve whether adjustments to these practices are necessary or desirable.
 - d) Within one year, the District will prepare and periodically maintain a master plan to identify District goals, describe activities and projects that fulfill these goals, estimate expenses and revenue sources, and provide a schedule of anticipated milestone dates; that this master plan will be a condition of a complete application for any subsequent annexation or sphere of influence amendment.

6. The District is advised that failure to perform these tasks, or to provide Fresno LAFCo with a record of their timely completion is may result in the Commission initiating proceedings leading to the dissolution of the District.

3. ACKNOWLEDGEMENTS & REFERENCES

This Municipal Service Review was prepared by Fresno LAFCO staff. The Raisin City Water District provided substantial information included in this evaluation of the agency's services. Fresno LAFCo staff extends its appreciation to the District Consulting Manager Stephen Heintz, District Legal Counsel John P. Kinsey, and the District Board of Directors for their assistance in the completion of this Municipal Service Review Update.

This document and supportive information is available in the Fresno LAFCo office located at:

Fresno Local Agency Formation Commission
2607 Fresno Street, Suite B
Fresno, California 93721

The Draft Municipal Service Review is available on Fresno LAFCo's website,
<http://www.fresnolafco.org/default.asp>

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