

# **TRI-VALLEY WATER DISTRICT**

## **MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE**

Report to the  
Fresno Local Agency Formation Commission

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# AGENCY PROFILE: TRI-VALLEY WATER DISTRICT

Irrigation Services

## Contact Information

**General Manager:** Dennis R. Keller, P.E., Keller and Wegley Engineering  
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**Mail Address:** P.O. Box 911  
Visalia, CA 93279  
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## Management Information

**District Formation:** 1964  
**Principal Act:** Water Code section 34000-38500 (California Water District Law)

**Special District Powers:** Prescribed in Water Code section 35400-35413  
**LAFCo**

**Authorized Services:<sup>1</sup>** Levy and collect assessments and standby charges; perform agreements, enter contracts, and delivery of water supply

**Governing Body:** Five member Board of Directors, landowner-voter

**Board Members:**

John Colbert, President	Appointed 2011-Expires 2015
Charles Carlson, VP	Appointed in Lieu of Election 2013-Expires 2017
Peter Lassotovitch	Appointed in Lieu of Election 2013-Expires 2017
Christopher Lange	Appointed 2015-Expires 2019
Roberto Farias	Appointed 2015-Expires 2019

**Board Meetings:** Quarterly, 1st Thursdays of last month of each quarter at 12:30 p.m.  
**Meeting Location:** Keller and Wegley Engineering's office located at 209 Locust Street, Visalia, California

**Staffing:** Contract consultant

## Service Information

**Properties Served:** Seven farming operations  
**Service Area and SOI:** 2,284 acres  
**Infrastructure:** One shared pipeline

## Fiscal Information

**Budget:** \$60,540  
**Sources of Funding:** Irrigation water sales, water distribution fees, and land assessments  
**Rate Structure:** Adjusted annually prior to budget adoption

## Administrative Policies

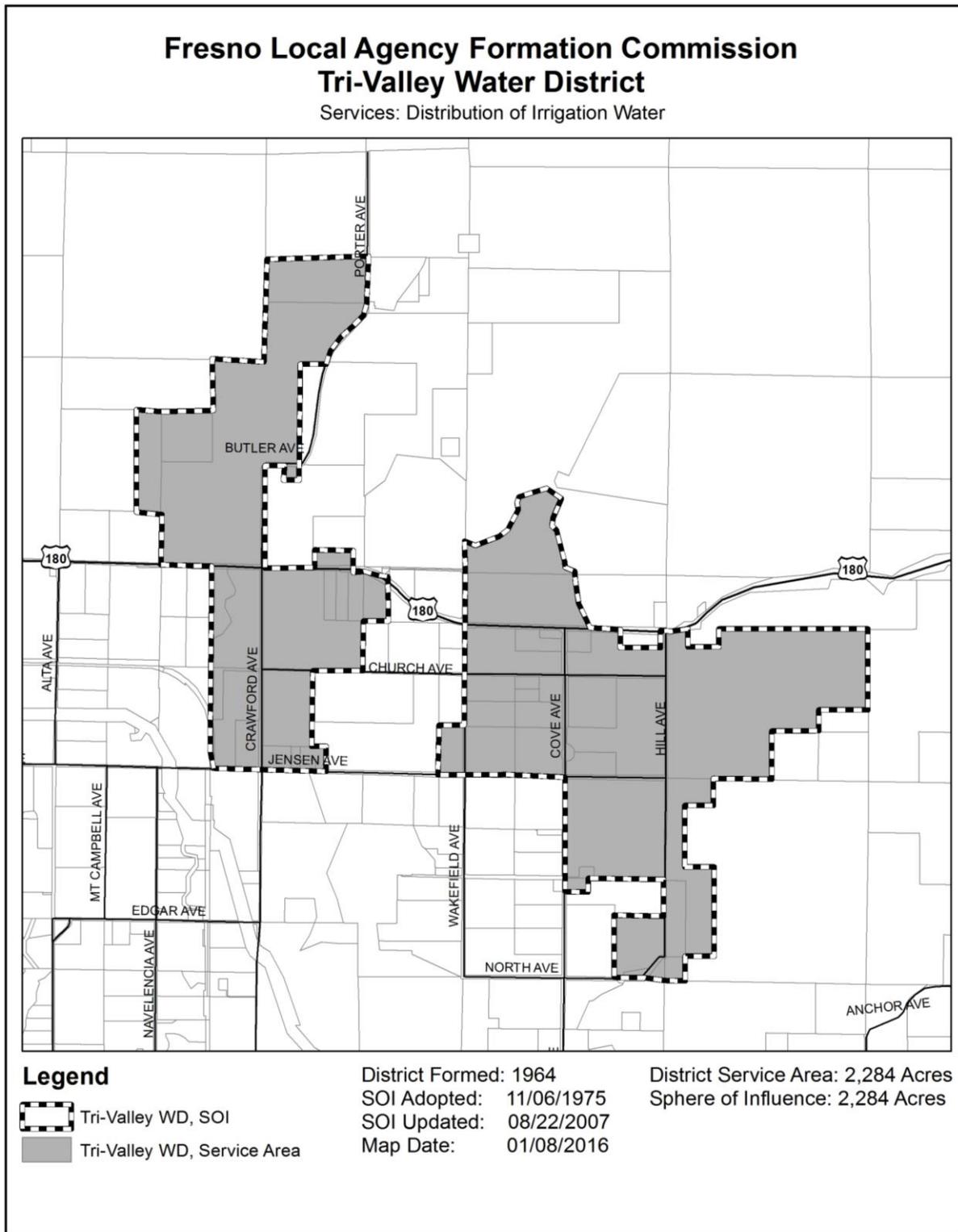
<b>Master Plan:</b> Not provided	<b>Policies/Procedures:</b> Water contracts	<b>By-laws:</b> Yes
<b>SOI established:</b> 1975	<b>SOI Last Updated:</b> 2007	<b>SOI Updated:</b>

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<sup>1</sup> Pursuant to Government Code Section 56425(i)

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Figure 1-Tri-Valley Water District Map



# 1. MUNICIPAL SERVICE REVIEW

## **Principal Act**

The District is authorized by its principal act (Water Code § 34000-38500) to operate and keep in repair the necessary works for the production, storage, transmission, and distribution of water for irrigation, domestic, and industrial purposes.

The Tri-Valley Water District (“District” or “TVWD”) was established in 1964 for the purpose to provide irrigation water to land within its boundaries. The District provides agricultural water supply to seven farming operations. The District’s services are limited to agricultural producing lands. Pursuant to the District’s contract with the United States Bureau of Reclamation, if any of the territory in the District converts to a non-agricultural use, the District will no longer be able to serve that territory with CVP irrigation water. The District is an independent special district that has its own board of directors. The five-member board of directors is elected to four-year terms, set to expire in November of odd years, with no more than three terms expiring at one time.

## **Fresno LAFCo MSR Policy Designation**

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

In accordance with Government Code (GC) section 56066, Fresno County is the principal county. Fresno LAFCo is responsible for updating the Commission’s determined SOI for District. As such, Fresno LAFCo has prepared this service review consistent with GC sections 56425(g) and 56430.

## **District Boundaries**

The District is located in eastern Fresno County approximately nine miles east of the City of Sanger, and approximately five miles north of the City of Orange Cove. The District service area spans two noncontiguous areas that when combined amount to approximately 2,284 acres. District Area One is located south of Clark Valley, near the intersection of Crawford Avenue and State Route 180. District Area Two is located slightly east of Area One near the intersection of Cove Road and State Route 180. The District is shown as Figure 1, Tri-Valley Water District.

The Commission's Sphere of Influence (SOI) for the District is coterminous with the District's service area, approximately 2,284 acres. The District provides agricultural water to seven farming operations within the District's boundaries. The District conveys agricultural water through one pipeline from the Friant-Kern Canal to District customers.

The District boundaries are not anticipated to be modified in a ten year horizon. The District informed LAFCo that its source of surface water supplies have been secured through a contract with the Bureau of Reclamation (USBR) to maintain the existing acreage in the District. The District has a contract with the USBR to obtain an annual supply of water from the Sacramento Delta.

### **District Water Services**

The District provides irrigation water to over 1,840 irrigable acres of permanent crops in Fresno County. Due to the District's proximity to the Sierra foothills, groundwater supplies are typically inadequate for agricultural land uses. Wells tend to produce groundwater early in the growing season but produce very little in mid and late summer. The District's water distribution system is comprised of approximately seven miles of pipeline which is shared with the neighboring Orange Cove Irrigation District landowners. The District water distribution system is operated by Orange Cove Irrigation District personnel. The District does not own or operate any canals, recharge basins, or regulating reservoirs.

Surface water is made available to the District from the Delta through its Central Valley Project (CVP) South of Delta (SOD) Cross Valley contract. The District is an original Cross Valley Canal participant executing its original three-party contract in May of 1976. TVWD currently operates under interim renewal contracts updated with the USBR.<sup>2</sup>

The District informs LAFCo that it continues to retain its USBR west-side based federal water supply in the amount of 1,142 acre-feet annually, this is based on availability of Cross Valley Canal delivery supply along with its ownership of sufficient conveyance capacity. Actual water deliveries received from the USBR are less than the contracted amount due to restrictions on pumping water from the Delta. Additional water demands above the amount delivered from the USBR are met with surplus water from the Friant-Kern Canal purchased from other water contractors.

The District informs LAFCo that it recently secured a permanent assignment of 400 acre-feet of water of Friant Division, CVP Class 1 supply annually from USBR (Friant-Kern Canal). The District has also successfully secured a contract with Garfield Water District for a long-term lease of 1,000 acre-feet annually of Friant Division, CVP Class 1 supply.

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<sup>2</sup>United States Bureau of Reclamation, FONSI-11-024

## **District Growth and Population Projections**

The District is situated completely within the County of Fresno. The County of Fresno is the land use authority for territory located within the District's boundaries. The Fresno County General Plan land use diagram designates land within the District's boundaries as Agricultural use. Existing land uses within the District consist primarily of farming operations with incidental rural residential. Crops grown within the District consist of oranges, lemons, and tangerines. There are no urban areas within the District's service area.

By LAFCo policy, District services do not directly facilitate or affect the rate or location of population growth. The District distributes irrigation water supply for agricultural use to seven local landowners that are not expected to expand their agricultural operation. The District does not anticipate landowners to convert properties to non-agricultural land uses without consulting with County of Fresno. For this reason, population is expected to remain the same within the District boundaries. Population growth is expected to occur within the neighboring incorporated cities of Sanger and Orange Cove. This is consistent with the Fresno County planning policy to direct growth to the cities due to a wider range of municipal services offered by the incorporated cities.<sup>3</sup>

The District does not expect any significant growth to occur as it relates to additional water supply. In fact, the District has undergone several detachments of land due to its restrictive water supply contract. The District has detached surplus of agricultural acreage along its fringe because neighboring Districts are in a better position to distribute water to those landowners. It should be noted that the District shares common boundaries with Orange Cove Irrigation District and is in close proximity to Hills Valley Irrigation District.

## **Disadvantaged Unincorporated Communities**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH) requires LAFCo to make determinations regarding "disadvantaged unincorporated communities" ("DUCs") when conducting a SOI update or when conducting municipal service reviews for any local agency (city or special district) that provides public facilities or services related to sewer, municipal and industrial water, or structural fire protection.

Government Code sec. 56033.5 defines a DUC as: i) "inhabited territory" (12 or more registered voters), as defined by sec. 56046, or as determined by commission policy, that constitutes ii) all or a portion of a "disadvantaged community" as defined by section 79505.5 of the Water Code. Water Code section 79505.5 defines disadvantaged as a territory with an annual median household income (MHI) that is less than 80 percent of

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<sup>3</sup> County of Fresno, Housing Element, pg.7-26-East Valley Market Area

the statewide annual median household income. Further, on January 9, 2013, Fresno LAFCo adopted a policy that refined the DUC definition to include having at least 15 dwelling units at a density not less than one unit per acre.

This section of the report uses County of Fresno's Geographic Information System (GIS) parcel mapping information and U.S. Census data to quantify the economic composition of all the census block groups within 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 within the District's service area. Although the ACS provides annual and three-year estimates, the five-year reports provide the most precise data and mapping information for analyzing small populations. California's statewide MHI reported for years 2006 through 2010 was \$60,883, the DUC threshold is any geographic unit with a MHI that is less than \$48,706.

An assessment of the census block groups within and outside the District service area were reviewed to determine the demographic composition of the area and to gage MHI levels. In preparation for this section of the MSR, LAFCo staff worked with complementary GIS data provided by PolicyLink, a national non-profit corporation based in Oakland, California.<sup>4</sup> Additional independent data resources were used for this section of the MSR as a cross-reference mechanism to identify potential DUCs in accordance with CKH and the Commission's DUC policy. Fresno LAFCo surveyed unincorporated areas using County Assessor's data, aerial photography and parcel division patterns to determine the possible existence of any DUCs.

The District is situated within census block groups that report a higher MHI than \$48,706 for years 2006 to 2010.<sup>5</sup> The District serves seven farming operations within its service area. Fresno LAFCo Policy designates the District as a "level three" special district that provides "non-municipal" services to its constituency. Services provided by the District would not directly benefit a DUC, and no further analysis is provided for this section of the MSR.

## **Infrastructure**

The District informs LAFCo that its sole infrastructure consists of approximately seven miles of pipeline to convey irrigation water from the Friant-Kern Canal to the District's service area. The District's water is shared with the Orange Cove Irrigation District (OCID) landowners. The District's water contract establishes its portion of water allocations. Water supply deliveries are transferred to customers through the seven-mile pipeline. Daily operation and management of the water distribution system is fulfilled by OCID personnel. The District does not own or operate any canals, recharge

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<sup>4</sup> Jake Mann, GIS Specialist/Cartographer, email correspondence with LAFCo Staff – Draft DUCs for Fresno County, February 11, 2015.

<sup>5</sup> U.S. Census Bureau's American Community Survey (ACS) compiled for the five-year period 2006-2010.

basins, or regulating reservoirs, buildings, machinery or equipment. The existing shared pipeline adequately conveys water deliveries to District customers.

The District has a system maintenance program for the up keeping of its distribution pipeline. The District's water deliveries are primarily conveyed to lands owned by District board members and two additional landowners. As noted in the 2007 MSR, the District does not anticipate a need to increase the pipeline capacity or water supply due to its small customer base and allocation restrictions included in its USBR water contract. The current infrastructure adequately serves the present needs of the district customers. No additional infrastructure or facilities upgrades or expansion have been identified by the District.

### **Financial Ability of Agency to Provide Services**

The majority of the District's revenue comes from an annual adopted land assessment paid by the District landowners. The District also generates revenues from annual water sales or charges in exchange for District services. District water deliveries are based upon the acreage that each landowner has within the District's service area. The District board adopts an annual budget which projects revenues and expenditures for the upcoming year. The District establishes its service fees to finance operation costs with the adoption of the annual District budget. The District's fiscal year begins March 1<sup>st</sup> and concludes on the last day of February.

In preparation of this MSR, the District provided a copy of its adopted Fiscal Year (FY) 2014-15 budget to review and assist LAFCo to determine fiscal status, assess financial practices, and review pertinent management findings. The District's financial account is organized on the enterprise fund basis which is classified as a proprietary type fund. The focus of a proprietary fund in governmental accounting is structured to be managed as a business-like fund.

The District's FY 2014-15 budget notes that at the beginning of the year the District had \$6,000 in its fund balance. The District's budget anticipated approximately \$42,540 in operating assessment, \$1,000 to come from Fresno County tax revenues, and reimbursements of \$11,000. The District revenues were anticipated to amount to \$60,540.

District expenditures are budgeted to go toward Director fees \$640, legal services \$8,000, Cross Valley Canal–West-side legal \$3,000, Engineering services \$31,300 (consultant service agreement), Office expenses \$100, District insurance \$2,500, Audit \$12,000, Association of California Water District dues \$2,000, and Water Rights fees \$1,000. The District total budgeted expenditures for FY 2014-15 amounts to \$60,540. This does not include water sales billed to landowners for water usage. The District does not appear to need to secure additional funding as it only serves seven farming operations. As such, the District has the ability to reconcile additional costs with each

landowner. The District does not anticipate difficulty if a increase of fees in needed to finance District expenditures.

The District provided LAFCo with a copy of its most recent available independent auditor's report and financial statements for year ending February 29, 2012. The District's financial report is designed to provide a general overview of the District's finances and to demonstrate accountability for the money it receives from its rate payers.

For year ending on February 29, 2012, the District's total assets were \$226,818 of which \$159,042 is cash and cash equivalents. The District had an outstanding trade receivable of \$43,128, and prepaid expenses of \$1,273 which made the remaining assets. The District has a net capital asset of \$23,375 in non-current assets. The District reports no long-term debt.

The financial statement indicates that the District implements financial administration practices similarly observed by a government unit. The District has adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 34, "Basic Financial Statements for State and Local Governments." GASB establishes standards for external financial reporting for all state and local government entities, which includes a statement for net assets, statement of revenues, expenses and changes in net assets, and a statement of cash flows. The District's financial account structure conforms to accounting principles generally accepted in the United States of America and consistent with governmental proprietary fund account as an enterprise fund.

The District applies all GASB pronouncements as well as the Financial Accounting Standard Board (FASB) pronouncements, except when (FASB) conflict or contradicts GASB pronouncements. The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code sections 16430 and 16480, the stated investment authority for the Pooled Money Investment Account. The District has the ability to make any investments permitted under its California GC sections 16430 and 16480.

The District's investment balances and interest rates as of February 29, 2012, are summarized on Table 1- Tri-Valley Water District cash investment balances. According to the financial statements the District considers its financial investments with an original maturity of three months or less to be cash equivalents. At the end of District FY 2011-12, the District had \$159,042 as carrying amount of cash deposits. The District's total carrying amount of cash deposits includes moneys in the following accounts: two District checking accounts, one joint account with Arvin-Edison Water Storage District, and District funds in the Local Agency Investment Fund (LAIF) with the State of California.

**Table 1 – Tri-Valley Water District Cash Investment Balances**

	Category 1	Not-Categorized	Carrying Amount
Interest bearing checking account with and interest rate of .03% at February 29, 2012	\$102, 893	-	\$102, 893
Interest bearing checking account with and interest rate of .09% at February 29, 2012	\$40,802	-	\$40,802
Arvin-Edison Water Storage District Joint Account with a current interest rate of 0.04%	\$3,155	-	\$3,155
Local Agency Investment Fund (LAIF) State of California with an interest rate of 0.38%		\$12,192	\$12,192
<b>Total as of February 29, 2012</b>	<b>\$146,850</b>	<b>\$12,192</b>	<b>\$159,042</b>

According to the District’s financial statement, the District has a joint bank account with Arvin-Edison Water Storage District (AEWSD). The joint account is administered by AEWSD for the purpose of collecting District cash transfers into the account to pay AEWSD for the reimbursement of Cross Valley Canal water exchange expenditures.

The District contracts its office administration duties with an engineering consulting firm to preform engineering, accounting, and office administration services. The District separately contracts its water master and infrastructure maintenance with Orange Cove Irrigation District. The District also participates in the Joint Powers Insurance Authority, a pooled risk insurance managed by the Association of California Water Agencies to be self-insured for general liability.

The District informs LAFCo that its current rate structure is sufficient to continue providing adequate services. Rate restructuring is adjusted by the District on an as needed basis and subject to implementation provisions of California Proposition 218 election process. The District board members receive a quarterly financial report and which assists with adjustments to the budget.

**Opportunities for Shared Facilities**

As previously indicated the District does not own public facilities or infrastructure. The District shares its seven-mile distribution pipeline, pumping, and water distribution facilities with Orange Cove Irrigation District (OCID). The District informed LAFCo that its water ordering and water tending are contracted with OCID’s water master.

The District has a partial ownership in the Cross-Valley Canal, which transfers water from the California Aqueduct to the Arvin-Edison Water Storage District (AEWSD) in Kern County. The District has a joint bank account with AEWSD for the purpose of collecting District annual cash transfers for canal exchange expenditures.

The District does not own any buildings or equipment. Legal and engineering services are provided by independent consultants on as needed basis. LAFCo observes that the District already benefits from shared facilities with those respective water agencies. No other opportunities for shared facilities were identified by the District. No other similar California Water Districts overlap occurs with the District's service area or SOI.

Other Districts that overlay or are adjacent to Tri-Valley Water District's service area include the following agencies:

- The Central Valley Pest Control District provides pest control services;
- Sierra Resource Conservation District provides assistance with resource conservation;
- The Consolidated Mosquito Abatement Districts provides mosquito control and abatement services;
- The Sierra-Kings Hospital District provides hospital and health care services from its public hospital, birthing center, and several medical office buildings.
- The Orange Cove Irrigation District provides irrigation water services;
- The Fresno County Fire Protection District provides emergency medical and fire suppression services; and
- The Reedley Cemetery District provides the internment of human remains.

## **Governmental Structure**

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.

California Water Code section 34000-38500 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.<sup>6</sup> This District is an independent special district which has a separate governing board of directors and is not governed by another legislative body (either a city council or a county board of supervisors). The District operates within the scope of its 1964 adopted bylaws. The

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<sup>6</sup> California Water Code Section 35401.

District informs that it has not updated any sections of its by-laws laws since its formation date of December 8, 1964.

A body of five elected officials serves as the Board of Directors governing the District's operations. The District board members serve on a volunteer basis, and receive no compensation for attending District meetings. All board members receive ethics training and comply with the District's conflict of interest policy. The District's legal counsel provides support with compliance with the Brown Act during each board meeting. District board members are subject to election of four-year staggered terms; in the event that the number of candidates who file election papers is equal to the number of openings on the board, members are appointed in lieu of an election (pursuant to Elections Code sec. 10515 (a)) by the Fresno County Board of Supervisors based on recommendation made from the District's board of directors. If no candidates file election papers, the Fresno County Board of Supervisors may appoint directors pursuant to (Election Code sec. 10515 (c)). The District is a landowner-voter District which conducts its own elections typically on odd years. 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.

The District board has the ability to elect a president, vice president, treasurer and a secretary from its members. Under the District's bylaws, the District president and vice-president are the only officers required to be board members. Other District officers such as general manager, secretary, and/or treasurer may be appointed by the District board. As indicated earlier, the District contracts its office administration, secretary, treasurer/assessor, and engineering services with Keller-Wegley Engineering Consultants based in Visalia, California. Services provided by the District's consultant are contracted on an ongoing basis. The District contracts water tending and distribution with Orange Cove Irrigation District.

District board meeting are held on a quarterly basis; on the first Thursday of the last month of each quarter at 12:30 p.m. The District informs its landowners of scheduled meetings by including a notice of upcoming board meeting dates in each customers' annual water order form. District board meeting notices appear to be posted at least 72 hours in advance at the District office located at 209 South Locust Street Visalia, California 93291. Opportunities for public participation and communication with the Board of Directors are permitted during each District meeting, each meeting agenda allocates time for public comments.

## **Other Matters Related to Effective or Efficient Service Delivery**

### **Fundamental Compliance with California Statutes**

LAFCo is concerned that, at least with respect to the preparation of this report, the District is not complying with the California Public Records Act. On multiple occasions LAFCo staff contacted the District contract manager to obtain public information. In

fact, from the day of LAFCo's initial request for information, and numerous additional contacts, it took the District over ten calendar months to comply with LAFCo's information request.

As the MSR process began in late 2014, LAFCo staff learned that the District board earlier that year appointed Mr. Dennis Keller of Keller-Wegley Engineering Consultants to fulfill several District officer roles: secretary, treasurer, and assessor/collector. These three officer positions were held by Mr. Keller's predecessor for many years. District officers' responsibilities are detailed within the District's adopted by-laws laws, which establish District organization and control of its affairs consistent with the Constitution and laws of the State of California.

On December 12, 2014, LAFCo staff first contacted the District to inform it about the scheduled MSR update and to request public information necessary to update the District's service review. LAFCo's MSR questionnaire and request for public information provides local agencies with a four-week timeline to respond to LAFCo's information request. LAFCo staff spoke with the District's consulting engineer who seemed to be familiar with the Commission's MSR program. However, during the allotted four-week timeline the District did not communicate with LAFCo staff nor request additional time to comply with the information request. The District's lack of interaction with LAFCo indicated administration issues during the first stages of the MSR preparation.

This lack of responsiveness by the District was repeated on several occasions thereafter:

- March 5, 2015: LAFCo staff called the District consultant, and was informed that the District engineer was in a board meeting and unavailable. LAFCo staff left a message with the office assistant and requested for the District engineer to contact LAFCo as soon as possible.
- March 12, 2015: LAFCo staff spoke with the District consulting engineer; he informed LAFCo that he would be able to comply with the public information request by the end of March or first week of April, 2015. LAFCo staff agreed to the District's request for additional time. However, the first week of April, 2015, expired without the District addressing LAFCo's information request.
- May 15, 2015: LAFCo contacted the District and was informed that the District engineer was out of the office. LAFCo staff left a message with the District engineering consultant's office requesting compliance with LAFCo's information request. The District did not demonstrate compliance with LAFCo's public information request.
- July 30, 2015, the District and LAFCo established a timeline for the District to comply with LAFCo's public information request. LAFCo staff was aware that the District consultant was also managing two other special districts with scheduled work to update their MSRs: Garfield Water District and Hills Valley Irrigation District. LAFCo provided the District consultant adequate time for his completion of all three LAFCo's information request. The District and LAFCo

agreed on October 23, 2015, for the deadline for all three MSR questionnaires to be complete and returned to LAFCo.

- On September 22, 2015, approximately ten months from LAFCo's initial information request, the Tri-Valley Water District's consultant informed LAFCo staff that it was experiencing administrative issues which were impacting the District's responsiveness to LAFCo's information request. During a phone conversation with the engineering consultant, LAFCo observed that the District had knowledge of issues in its record keeping that stem from the former secretary's lack of organization. However, it appeared that corrective action with record keeping had not been prioritized by the District.
- On October 28, 2015, LAFCo received the requested public information from the District with a District letter head page, dated October 27, 2015, explaining the District's conditions. The District's consultant informed LAFCo that after the death of the previous District secretary his firm within the previous year had been contracted to implement the responsibilities of the District secretary, treasurer, and assessor/collector. The consultant indicated that the District was in the process of addressing defined deficiencies in the District's office administration that result from years of one person holding multiple officer roles with no evident indication of accountability.

The District's inability to comply with LAFCo's MSR program in a timely manner reflects critically on the District's ability to efficiently maintain District business records and to respond to requests for public documents.

The District is an agency of the state, formed pursuant to California Water District Law (Water Code Section 34000) for the local performance of administration and distribution of irrigation water supplies within its limited boundaries. Water Code §34850 and the District's by-laws designate the District secretary as the "custodian of all records of proceedings had at meeting of the board. All records pertaining to district affairs shall be filed in the office of the District with the secretary and shall be open to inspection at all times by any person interested."

Given the extensive contacts with the District and the District's lack of responsiveness, LAFCo is concerned that, at least with respect to the preparation of this report, the District officers are not complying with responsibilities detailed under the District's principal act and bylaws. Furthermore, the District secretary's lack of timely compliance with LAFCo's information is contrary to the California Public Records Act.

This is a fundamental operational issue which appears to predate the current District consultant's appointment. Nevertheless, the District's reluctance to disclose public information is unusual and not consistent with the District's by-laws, its principal act, and the Public Records Act.

### District Modification

The 2007 TVWD MSR suggested that a reorganization of the government structure with OCID could reduce service costs related to the distribution of irrigation water, and could obtain a more reliable water supply for District landowners. It was envisioned that OCID would take over ownership and operation of the District and TVWD would be dissolved.

As noted in the 2007 MSR, Tri-Valley Water District had expressed interest to detach their entire service area and be annexed into and served by OCID. At that time a draft Memorandum of Understanding (MOU) between the two districts had been established, and the two districts were in negotiations regarding the proposed change of organization.

During the preparation of the MSR update LAFCo learned that the change of organization as described in the 2007 MSR did not materialize; and it is no longer a feasible course of action that the District supports. The District has independently reexamined its consolidation options with OCID and Hills Valley Irrigation District. However, the board determined that costs of services paid by the seven farming operations would actually increase per landowner if consolidation with OCID were to transpire. The District board also determined that service provisions would be less responsive to landowners' interests as it relates to upholding existing surface water entitlements held by the District with USBR. LAFCo observes that consolidation of the two agencies would require both entities to evaluate the likelihood of affected landowners in Tri-Valley Water District ability to retain existing water supply levels and services rates near existing levels.

At this time, the evidence suggests that a consolidation of the TVWD and OCID would not result in service delivery efficiencies.

## 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 located in eastern Fresno County approximately nine miles east of the City of Sanger, and approximately five miles north of the City of Orange Cove. The District service area spans across two general areas that combined amount to approximately 2,284 acres.
- The District is designated as a non-municipal local agency, which means that the District provides non-municipal services that do not facilitate, support, or induce population growth.
- 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.
- The District provides agricultural water to seven farming operations within the District's boundaries. District growth is restricted by its water supply contract with United States Bureau of Reclamation.
- The District's source of surface water supply has been secured through contract to maintain the existing acreage in the District. The District has a contract with the Bureau of Reclamation (USBR) to obtain an annual supply of water from the Sacramento Delta.

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

- 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's water distribution system is comprised of approximately seven miles of pipeline which is shared with the neighboring Orange Cove Irrigation District.
- The District water distribution system is operated by Orange Cove Irrigation District personnel. The District does not own or operate any canals, recharge basins, or regulating reservoirs.
- Daily operation and management of the water distribution system is fulfilled by OCID personnel.
- The District has a system maintenance program for the up keeping of its distribution pipeline. The District does not anticipate a need to increase the pipeline capacity or water supply due to its small customer base and allocation restrictions in its USBR water contract.
- The current District infrastructure is sufficient to serve the present needs of the district. No additional infrastructure or facilities upgrades or expansion have been identified by the District.
- The District informs LAFCo that it continues to retain its USBR west-side based federal water supply in the amount of 1,142 acre-feet annually, this is based on availability of Cross Valley Canal delivery supply along with its ownership of sufficient conveyance capacity.
- The District recently secured a permanent assignment of 400 acre-feet of water of Friant Division, CVP Class 1 supply annually from USBR (Friant-Kern Canal). The District has also successfully secured a contract with Garfield Water District for a long-term lease of 1,000 acre-feet annually of Friant Division, CVP Class 1 supply.

### **4. FINANCIAL ABILITY OF AGENCY TO PROVIDE SERVICES.**

- The majority of the District's revenue comes from an annual adopted land assessment paid by the District landowners. The District also generates revenues from annual water sales or charges in exchange for District services.
- The District board adopts an annual budget which projects district revenues and expenditures for the upcoming year. The District establishes its service fees to finance operation costs with the adoption of the annual District budget. The District's fiscal year begins March 1<sup>st</sup> and concludes on the last day of February.

- The District's FY 2014-15 budget notes that at the beginning of the year the District had \$6,000 in its fund balance. The District's budget anticipated approximately \$42,540 in operating assessment, \$1,000 to come from Fresno County tax revenues, and a reimbursable of \$11,000. The District revenues were anticipated to amount to \$60,540. In contrast, the District's total budget expenditures for FY 2014-15 amount to \$60,540.
- The District does not appear to need to secure additional funding as it only serves seven farming operations. The District has the ability reconciled additional costs with each landowner.
- The District informs that its current rate structure is sufficient to continue providing adequate services. Rate restructuring is adjusted by the District on an as needed basis. The District board members receive a quarterly financial report and which assists with adjustments to the budget.

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

- The District shares its seven mile distribution pipeline, pumping, and water distribution facilities with Orange Cove Irrigation District (OCID). The District informed LAFCo that its water ordering and water tending are contracted with OCID's water master. LAFCo observes that the District already benefits from shared facilities with OCID.
- The District has a partial ownership in the Cross-Valley Canal, which transfers water from the California Aqueduct to the Arvin-Edison Water Storage District (AEWSD) in Kern County. The District has a joint bank account with AEWSD for the purpose of collecting District annual cash transfers for canal exchange expenditures.

**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.
- A body of five elected officials serves as the Board of Directors governing the District's operations. The District board members serve on a volunteer basis, and receive no compensation for attending District meetings.

- District board meetings are held on a quarterly basis; on the first Thursday of the last month of each quarter at 12:30 p.m. at the District office located at 209 South Locust Street Visalia, CA 93291.
- Opportunities for public participation and communication with the Board of Directors are permitted during each District meeting, each meeting agenda allocates time for public comments.
- The District informs its landowners of scheduled meetings by including a notice of upcoming board meeting dates in each customer's annual water order form.

**7. ANY OTHER MATTER RELATED TO EFFECTIVE OR EFFICIENT SERVICE DELIVERY.**

- The Tri-Valley Water District MSR is noted for the following characteristics:
  - Repeated and substantive delays in obtaining public information from the District;
  - District Secretary was not effectual in providing public documents;
- The District had previous knowledge of deficiencies in its record keeping.
- The District's reluctance to disclose public information is unusual and not consistent with the District's by-laws, its principal act, and the Public Records Act.
- During the preparation of the MSR update LAFCo learned that the change of organization as described in 2007 did not materialize; and it is no longer a course of action that the District envisions. At this time, the evidence suggests that a consolidation of the TVWD and OCID would not result in service delivery efficiencies.

### 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. 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 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.
- Current land uses are agricultural.
- No significant changes to population within the District are anticipated.

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

- Current District facilities and services appear to be adequate.
- There is minimal growth anticipated by the District. The District is capable of addressing and adjusting its probable service needs for public facilities.

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

- Present capacity of District facilities and services appear adequate. District provides services consistent with its principal act and as authorized by the Fresno LAFCo.

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

- There are no relevant social or economic communities of interest relevant to the District's service provisions. The District informed LAFCo that it cannot support additional water demands due to the limits of its contracted water availability. LAFCo observes that District growth is restricted by its irrigation water supply allotment under contract with United States Bureau of Reclamation.

**5. 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. Recommend to the District that:
  - 4.1. It improve its internal communications and public record management to comply with the spirit of the Public Records Act.

## 5. A C K N O W L E D G E M E N T S

This Municipal Service Review was prepared by Fresno LAFCO staff. The Tri-Valley Water District provided information included in this evaluation of the agency's service provisions.

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