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

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**AGENDA ITEM No. 6**

**DATE:** April 13, 2016

**TO:** Fresno Local Agency Formation Commission

**FROM:** David E. Fey, AICP, Executive Officer 

**PREPARED BY:** George Uc, LAFCo Analyst II

**SUBJECT:** Consider Adoption: Municipal Service Reviews and Sphere of Influence updates for the Garfield Water District, Pleasant Valley Water District, and the Tri-Valley Water District

**RECOMMENDATION:** Adopt the draft Municipal Service Reviews prepared for the Garfield Water District, Pleasant Valley Water District, and the Tri-Valley Water District and update the Districts' spheres of influence by taking the following actions:

- A. Approve Categorical Exemptions from the provisions of the CEQA under Section 15306, "Information Collection."
- B. Find that the Municipal Service Reviews and Sphere of Influence update prepared for the Garfield Water District, Pleasant Valley Water District, and the Tri-Valley Canal Water District are complete, satisfactory, and satisfies State law and adopt the MSRs.
- C. Find that the written determinations within the Municipal Service Reviews and Sphere of Influence updates satisfy State Law.
- D. Pursuant to Government Code Sections 56425 and 56430 make the required determinations for the Municipal Service Reviews and District Spheres of Influence updates, adopt the Municipal Service Reviews prepared for the Garfield Water District, Pleasant Valley Water District, and the Tri-Valley Canal Water District, and update the Sphere of Influence for said Districts by reaffirming the current boundaries.

**Summary/Background**

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

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

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

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

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

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

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.

### **Municipal Service Reviews (MSR)**

The Garfield Water District, Pleasant Water District, and Tri-Valley Water District were formed under California Water Code section 34000-38500, which authorizes the formation of California Water Districts to “acquire, plan, construct, maintain, improve, operate, and keep in repair the necessary works for the production, storage, transmission, and distribution of water for irrigation, domestic, industrial and municipal purposes.”<sup>1</sup>

Fresno LAFCo Policy 107-03 designates Garfield Water District, Pleasant Water District, and Tri-Valley Water District, as “level three” special districts that provide “non-municipal” services. 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. The 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.

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<sup>1</sup> California Water Code sec. 35400 et seq.

Staff provides a description of each water district and a summary of the districts' operations and services. Additional information on each water district can be found within the agencies' respective MSR.

### ***Garfield Water District***

#### Description

The Garfield Water District is located in Fresno County near the intersection of International Avenue and Willow Avenue. The GWD is approximately one mile north of the Clovis city limit at East Shepherd Avenue. The GWD's 1,809 acre service area is generally bounded by Garonne Avenue to the north, North Chestnut Avenue to the west, the Enterprise Canal on the south, and North Fowler Avenue to the east. The GWD's sphere of influence (SOI) is coterminous with its service area. The GWD is three miles east of State Route (SR) 41 and approximately two miles north of SR 168. Approximately 90 acres of the District's SOI and service area overlap with the City of Fresno near the intersection of East Copper Avenue and North Willow Avenue.

The GWD holds a Class 1 Central Valley Project (CVP) contract with United States Bureau of Reclamation for 3,500 acre-feet of irrigation water per year; the District intends to retain all of its CVP water.

#### MSR Observations

Though the GWD boundaries are, as of yet, not in Clovis' city limits, roughly half of the GWD service area (approximately 825 acres south of Copper Avenue between Willow and Sunnyside Avenue and north of the Enterprise Canal) are situated within the Clovis SOI and designated by the Clovis General Plan as the Northwest Urban Center (NWUC). Implementation of the Clovis General Plan would result in the conversion of agricultural land currently within the GWD. The City of Clovis General Plan has clearly stated that the growth of the City must be balanced by a surface water supply. For that portion of the GWD within the City's SOI, General Plan policies anticipate buildout of the NWUC will be accompanied by surface water contracts with the GWD—or other entity—for an equivalent of roughly half of the GWD's water supply.

The GWD's responses to LAFCo's MSR reveal a substantial difference between the GWD's plan for its water supply and the City of Clovis' plan for long-term urban growth. This is of interest to the Commission because it has the potential either to truncate the City's NWUC growth plans, which may alter the SOI, or lead to the revision of the GWD's SOI to account for a change of its anticipated service area. Further discussion of this issue is provided in the GWD MSR, resulting in the following recommendation to the GWD:

Achieve and maintain effective communications with the City of Clovis regarding the City's current plans for the GWD's CVP contract water supply so that the City's plans can reflect the policies of the GWD with respect to the future disposition of its CVP water supply contract.

Staff attended a meeting of the GWD board on March 22, 2016, to consider the draft MSR. Based on that meeting, the GWD has proposed amendments to the public review draft MSR. Staff has considered the requested amendments and proposes draft MSR language for the Commission's consideration and approval as, Exhibit A – GWD MSR 2016 Update

Given the GWD's interest in adjusting its irrigable acreage as the City of Clovis grows north, staff recommends that the Commission find that a district master plan for growth will be a condition of a complete application for future SOI and/or service area modification.

### ***Pleasant Valley Water District***

#### Description

The Pleasant Valley Water District (PVWD) is located in the southwestern portion of Fresno County. The PVWD is approximately eight miles east of the City of Huron, approximately 19 miles southwest from the unincorporated community of Five Points, and 27 miles southwest of the City of San Joaquin. The PVWD completely surrounds the City of Coalinga but the City, including its incorporated public facilities, are excluded from the PVWD's service area. Historically, LAFCo has suggested and will continue to encourage the detachment of PVWD land when the City of Coalinga submits annexation proposals to the Commission.

The incorporated territories reduce the PVWD's service area by approximately 5,243 acres, resulting in a 35,656 acre PVWD service area. The exterior boundaries of the PVWD's service area and sphere of influence (SOI) are coterminous and encompass 40,899 acres.

Since its formation, the PVWD has not provided direct water service to its landowners for reasons that described in the PVWD MSR update.

On December 15, 2015, the PVWD successfully conducted a Proposition 218 election which enables the PVWD to collect land assessments to fund a technical hydrogeological study and engineering report necessary to support the PVWD's vision to become a Groundwater Sustainable Agency under the Sustainable Groundwater Management Act of 2014 (SGMA). The PVWD is located within the Pleasant Valley Basin boundary as delineated by the Department of Water Resources.

#### MSR Observations

During the MSR update, LAFCo staff noted that the PVWD does not own or manage facilities or infrastructure. In response, the PVWD informed LAFCo that it is currently taking an active role in the implementation of SGMA. On October 28, 2015, PVWD board members met with LAFCo staff to formally identify the types of activities that the PVWD will be engaged in, and encouraged the PVWD to develop a master plan that describes and provides for the PVWD's long-term operational vision.

The PVWD provided LAFCo staff with an opportunity to review and comment on an administrative draft master plan during the preparation of the MSR update. The PVWD anticipates periodically updated the master plan.

#### Mapping Information

During the MSR preparation, the PVWD and LAFCo learned that mapping data held by both agencies were inconsistent with each other. LAFCo's 2007 MSR map incorrectly depicted the City of Coalinga as being in the PVWD service area resulting in acreage larger service area

estimate that was inconsistent with the PVWD's own estimates. Once this discrepancy was found, LAFCo staff contacted the Fresno County Assessor's office to gauge the extent of the discrepancy, discuss the data collection and management procedures, and determine the most accurate database. Fresno County Assessor's staff informed LAFCo that the PVWD is a landowner PVWD which collects land assessments based on territory (acreage) located within the PVWD, and does not participate in the Tax Rate Area/County's tax exchange program. The acreage discrepancy essentially does not affect the County's annual property tax assessment program. LAFCo staff and PVWD board members worked together to correct the map discrepancy originally illustrated on LAFCo's 2007 PVWD map. The 2016 MSR update notes that the PVWD is in the best position to maintain its own map and service area information. As such, it is appropriate to recommend that the PVWD take responsibility to maintain a record of its boundaries, parcel acreage, and landowners scheduled to paying future land assessments, and to share this information with LAFCo, the Fresno County Department of Public Works and Planning, and the County Assessor. Additional information is provided in the PVWD's MSR.

The MSR/SOI update makes the following recommendation to the PVWD:

1. Maintain an accurate and accessible public record in compliance with the spirit of the Public Records Act.
2. Complete its master plan, schedule regular updates, and provide LAFCo with a copy of this document when completed.
3. Take responsibility to maintain a record of its boundaries, parcel acreage, and landowners scheduled to pay future land assessments, and to share this information with LAFCo, the Fresno County Department of Public Works and Planning, and the County Assessor.

### ***Tri-Valley Water District***

#### Description

The Tri-Valley Water District (TVWD) 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 TVWD service area spans two noncontiguous areas that when combined amount to approximately 2,284 acres. TVWD Area One is located south of Clark Valley, near the intersection of Crawford Avenue and State Route 180. TVWD Area Two is located slightly east of Area One near the intersection of Cove Road and State Route 180. The TVWD sphere of influence (SOI) is coterminous with both of its noncontiguous service areas.

The TVWD distributes irrigation water supply for agricultural use to seven local landowners. The TVWD holds a Class 1 Central Valley Project contract with the United States Bureau of Reclamation for 400 acre-feet of irrigation water per year from the Friant Division (Friant-Kern Canal). The TVWD has also successfully secured a 20-year agreement with Garfield Water TVWD for a long-term lease of 1,000 acre-feet annually of Friant Division, CVP Class 1 supply. The TVWD does not anticipate an expansion of its service area boundaries.

#### MSR Observations

The 2007 MSR notes that the TVWD had expressed interest in dissolution of the district and consolidation of its entire service area with the Orange Cove Irrigation District. 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 reorganization. The MSR update notes that the reorganization proposal did not materialize, and district dissolution is no longer a course of action that the TVWD and its landowners support.

During the early stages of the MSR update the TVWD displayed fundamental operational issues which appeared to predate the current TVWD consulting staff (see MSR for additional description). Nevertheless, the TVWD complied with LAFCo's MSR Program and provided staff with its public information after 11 months from LAFCo's initial information request date.

The MSR/SOI update makes the following recommendation to the TVWD:

1. Improve its internal communications and public record management to comply with the spirit of the Public Records Act.

### **Environmental Determination**

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

Furthermore, the MSRs qualify for a general exemption from environmental review based upon CEQA Regulation section 15061(b)(3), which states: "The activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA." Additionally, the SOI updates qualify for the same general exemption from environmental review based upon CEQA Regulation section 15061(b) (3).

There is no possibility that these MSRs or SOI updates may have a significant effect on the environment because there is no land use changes associated with the documents. If the Commission approves and adopts the MSRs and SOI updates and determines that the projects are exempt from CEQA, staff will prepare a notice of exemption as required by CEQA Regulation section 15062.