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

AGENDA ITEM NO. 7

DATE: April 13, 2016
TO: Fresno Local Agency Formation Commission
FROM: David E. Fey, AICP, Executive Officer 
SUBJECT: Consider Adoption: Municipal Service Review and Sphere of Influence Update Prepared for the City of Fresno; Commission Action to Conclude Activities of Ad Hoc Committee

RECOMMENDATION: Adopt the Municipal Service Review prepared for the City of Fresno and update the Fresno sphere of influence by taking the following actions:

- A. Approve a finding of Categorical Exemption from the provisions of the CEQA under Section 15306, "Information Collection," for the Fresno Municipal Service Review.
- B. Approve a finding of Categorical Exemption from the provisions of the CEQA under Section 15061(b)(3), "General Rule," for the Fresno sphere of influence update.
- C. Find that the Municipal Service Review prepared for the City of Fresno is complete, satisfactory, and satisfies State law and adopt the MSR.
- D. Find that the written determinations, as amended in this report, within the Municipal Service Review and Sphere of Influence update satisfy State Law.
- E. Pursuant to Government Code Sections 56425 and 56430 make the required determinations for the Municipal Service Review and Fresno Sphere of Influence Update, adopt the Municipal Service Review prepared for the City of Fresno and amend the Fresno sphere of influence by the following actions which are described in more detail in the MSR and this report:
 - 1. Adding Friant-Copper territory (MSR Figure 21-2) and the Regional Wastewater Reclamation Facility (Attachment "E");
 - 2. Removing territory from the southeast sphere of influence (Attachment "E"), and
 - 3. Considering but suspending action on the addition of territory to the Fresno sphere of influence for the High Speed Rail heavy maintenance facility until such time as the HSR commission determines a location for the facility (MSR Figure 21-1).
- F. Conclude the activities of the LAFCo Ad Hoc Committee.

Note: the draft Municipal Service Review was distributed with the Commission's November 4, 2015, packet and is available on the LAFCo website at www.fresnolafo.org under the "Hearings and Workshops" tab.

Executive Summary

This report presents recommendations by staff and the Ad Hoc Committee for amendments to the draft Fresno Municipal Service Review (MSR) and Sphere of Influence (SOI) update presented to the Commission at its November 4, 2015 hearing (MSR summary is labeled "Exhibit A" and is within Attachment "B.")

- The Ad Hoc Committee recommends an update of the 2006 Fresno southeast sphere of influence by removing approximately 2,560 acres as described in this report; and
- Staff recommends amendments to the draft MSR and SOI determinations and recommendations that account for additional information and analysis received since the November, 2015, hearing.

Background

On September 9, 2015, the Commission considered the draft Fresno Municipal Service Review (MSR) and Sphere of Influence (SOI) update and a related request to revise the City of Fresno's sphere of influence by adding approximately 37 acres of territory located north of Copper Avenue and east of Friant Road (LAFCo File No. RSOI-164). The Commission took no action on the proposals but continued the hearing to a date uncertain (Attachment "A").

On November 4, 2015, the Commission conducted a workshop on the draft Fresno MSR and at the conclusion of the workshop continued the item until December 9, 2015, at which time the Commission would consider exploring the options available for Commission action on the southeast portion of the Fresno SOI (also known as "SEDA" or "SEGA"), including appointing an Ad Hoc Committee to examine the issues (Attachment "B").

On December 9, 2015, the Commission appointed Commissioners Perea and Santoyo and Executive Officer Fey to an Ad Hoc Committee to examine options related to Commission action on the Fresno SOI. In establishing the Ad Hoc Committee, the Commission directed the Committee to conduct an initial administrative meeting followed by a public workshop ("listening session") to accept comment and to support the development of a recommendation to the Commission. Correspondence received prior to the close of public testimony that day was received from Don Ulrich, Clovis Unified School District and Manuel Cuhna, Nisei Farmers League. Testimony was presented by Mary Savala, League of Women Voters, Ashley Werner, Leadership Counsel, and Will Scott, farmer. Since that meeting, staff has been contacted by Dan O'Connell of the American Farmland Trust and Mark Reitz, landowner of 20 acres located at the southeast corner of Temperance and California Avenues.

The Ad Hoc Committee met on December 21, 2015, to discuss options related to Commission action on the Fresno Sphere of influence. The Committee agreed that its scope of work would be to determine the facts and information needed to support the MSR and SOI determinations, including the City's efficient extension of service to the Southeast SOI, and timing of Fresno's General Plan program for development in the Southeast SOI. Ad Hoc Committee memoranda 1 – 3 can be found in Attachment "D."

Listening Session

On February 5, 2016, the Ad Hoc Committee conducted a “listening session” workshop to collect information to support a committee recommendation to the Commission on the Fresno MSR and SOI. This event was noticed to southeast sphere of influence (SE SOI) stakeholders including the Cities of Fresno, Sanger and Clovis, Fresno County Public Works and Planning, the Clovis and Sanger Unified School Districts, the State Center Community College District, agricultural interests, citizen groups, and the building industry. Minutes of the listening session can be found in Attachment “C;” PowerPoint presentations from the listening session can be found at www.fresnolaftco.org under the “Hearings and Workshops” tab.

A summary of the comments is presented:

- City of Fresno presented an evaluation of its SEDA conditions and concluded that the SOI remains appropriate to accommodate city growth in the SOI horizon. The City had previously expressed concerns that if SEGA SOI removed then this territory would be available to the Cities of Sanger or Clovis, and that the loss of SEGA SOI will focus development pressure on Friant Corridor.
- State Center Community College District representative noted that the City of Fresno asked that the District place its new center in the southeast and is uncertain about service delivery if not in SE SOI.
- Clovis Unified School District (CUSD) representative was concerned about delayed development in the Bradley Educational Center area that may result from a change to the SE SOI.
- Sanger Unified School District (SUSD) representative was supportive of maintaining the SE SOI.
- Mike Prandini, Building Industry Association (BIA) noted that development is picking up, and recommended conferring with other agencies prior to action.
- Manuel Cuhna, Nisei Farmers League: mitigation impacts, farmers expect to sell land to developers, doesn’t support leap frog development.
- Will Scott expressed his concern that agricultural uses be protected.
- Leland Parnagian described his family’s agricultural business practices in the southeast SOI and recommended leaving it as is.

The central question for the Commission to consider is whether the SE SOI in its current configuration is necessary to accommodate—within the Commission’s SOI planning horizon—the probable physical boundaries and service area of the City of Fresno.

Since the February 2016, listening session, staff has continued to confer with stakeholders including the Cities of Fresno, Clovis, and Sanger, the Sanger and Clovis Unified School Districts, the State Center Community College District, and the BIA. Staff and the Ad Hoc Committee have also considered the testimony from individuals regarding the need to keep agricultural uses vital in Fresno County. Ad Hoc Committee administrative memoranda 1 – 3 can be found in Attachment “D.”

Ad Hoc Committee Recommendation

Based on this additional information and analysis, staff and the Ad Hoc Committee recommend the following amendments to the draft MSR as initially presented to the Commission in its

November 4, 2015 report (Attachment "B").

Revision to Draft MSR Determination and Recommendation

1. Growth and Population Projections for the Affected Area

MSR Determination to be added: *Land demand information provided by the City indicates that the territory needed in the southeast SOI to accommodate 20-year growth is less than the current configuration of the SE SOI.*

This additional MSR determination is based on testimony presented by City of Fresno staff during the listening session. It is more fully explained later in this report.

MSR Recommendation to be deleted: *that the City evaluate whether its SEDA conditions—contained in both the City/County Memorandum of Understanding and Fresno LAFCo's conditional approval of the SE SOI—remain appropriate given the shift in the General Plan's development policy since 2006.*

This recommendation has been generally satisfied given the City of Fresno's testimony at the February listening session.

MSR Recommendation to be added: *a specific or community plan shall be submitted with any application for sphere amendment or annexation in the SE SOI.*

LAFCo's 2006 resolution adopting the SE SOI referenced the City's commitment to the County in the 2003 City/County memorandum of understanding (MOU) amendment that "provided the SOI amendment is approved, the city will move forward with the preparation and adoption of various community and Specific Plans." LAFCo resolved in sec. 6 of the 2006 resolution that "the proposed SOI expansion will accommodate anticipated growth needs of the City of Fresno in the affected area and, with certain recommended conditions for future annexations therein, will provide for all existing and planned uses." Therefore, in addition to the City's testimony, other substantive factors in the recommendation are the shift of emphasis in the Fresno General Plan from SEGA to infill development and growth in the West Area planning as well as an indeterminate timeline for specific planning in the southeast SOI. The latter being a cornerstone of the 2003 MOU and LAFCo's 2006 resolution supporting SEGA.

This important feature deemed critical to the development in the SE SOI and agreed to by three public agencies, only reference applications by the City, and does not include petition-initiated applications tendered by property owners. Staff recommends that the Commission clarify its intent that any and all applications for sphere of influence amendments and annexations in the SE SOI be accompanied by adopted, appropriately-scaled, planning documents (such as specific or community plans and their related CEQA and service delivery plans).

Revisions to draft Sphere of Influence Determinations and Recommendations

Pursuant to CKH sec. 56425, four determinations are necessary for Commission action on the

SOI. Determinations are conclusions made by the Commission based on information in the record and when approved by the Commission they form the basis for action on the SOI. The SOI determination proposed for amendment is presented below with contextual information:

2. *Present and probable need for public facilities and services.*

SOI Determination to be added: *The territory in the SE SOI exceeds the City's 20-year land demand and may be reduced.*

SOI Recommendation to be added: *that the SE SOI be reduced by approximately 2,560 acres.*

Supporting analysis for the added determination and recommendation is presented as follows. In its presentation to the February listening session, Fresno staff provided an estimation of the City's need for territory to implement its General Plan:

- The (2006) SOI was approved given available residential land for development of 12,900 acres
- Since that time,
 - 2,000 acres have been developed
 - 2,250 acres are now entitled
- Leaving 8,650 acres free for development – or 33% of the total land described as vacant for residential development in the 2025 General Plan

The planning horizon for Fresno LAFCo's SOI is 20 years.¹ During the 2006-2016, period approximately 4,250 acres were developed or entitled in the City. At this rate, the remaining 8,650 acres of developable lands in the pre-2006 SOI may take the City over 20 years (2026) to develop before development in 2006 SE SOI is needed.

The SE SOI recommendation (Attachment "E") is more fully described as follows.

1. Territory north of McKinley Avenue, approx. 1,000 acres

No change to the SOI is recommended here. Contributing factors include existing parcelization of land favors the assembly of land and its efficient urbanization; there has been a significant investment by the CUSD and local builders in this area in anticipation of growth.

2. Territory between McKinley Avenue and Kings Canyon Road, approx. 2,560 acres

No change to the SOI is recommended here. Most of this area is already planned by the Fresno County General Plan for rural residential land uses. Alteration of this sub-area's SOI would not have a substantive effect on agricultural uses or resources because it is largely committed to existing and planned rural residential uses. There is limited potential for new more intense urban development in this area given the limitation of the planned land use, the dispersed nature of potentially available parcels, and the contribution of these factors to logical and orderly annexation.

¹ Fresno LAFCo Municipal Service Review policies 107-03, 107-04.

The timeline for the area's annexation potential is also impacted by the large unincorporated area between Temperance and Clovis Avenues that would have to be annexed to the City before territory east of Temperance is annexed. The 2003 MOU recognizes this and requires an annexation plan as a condition of development in SEGA. This requirement is recommended to be included in LAFCo's resolution.

These factors could indicate that the area should be removed from the SE SOI; however, staff recommends that this area be retained in the SOI for the very reasons just presented. The territory constitutes a "social or economic community of interest," in other words, an established neighborhood that has been suburbanized under Fresno County land use authority. With the exception of County Service Area No. 14, this area is largely supplied by private water wells and septic tanks. It is foreseeable that groundwater conditions or future requirements of the Sustainable Groundwater Management Act could prompt a need for the City to serve this area. Extension of service without annexation is less consistent with LAFCo policy than outright annexation, and in order for this to be feasible it must be within the Fresno SOI.

3. Territory between Kings Canyon Road and Jensen Avenue, approx. 2,560 acres

Removal of this area from the SOI is recommended for reasons presented earlier in this report. These four sections totaling 2,560 acres are largely in agricultural uses with scattered rural housing. The Sanger Unified School District has no pending plans to expand its services to this area; already has enough on its plate within the pre-2006 SOI.

Removal of this territory would have the greatest benefit to agricultural uses as the presence of prime agricultural land currently under production and Williamson Act contracts.

4. Territory south of Jensen Avenue to North Avenue, approx. 1,600 acres

No change to the SOI is recommended here. The SCCCD representative was supportive with keeping this area in the SOI and expressed that other changes to SOI would not impact the District.

It is noted that the Fresno General Plan identifies a "Peach-Jensen Neighborhood" in its discussion of SEDA, though neither the 2003 MOU nor the LAFCo 2006 Resolution included this area.

DEF:cf

Attachment A

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

AGENDA ITEM No. ~~9 and 10~~

DATE: September 9, 2015

TO: Fresno Local Agency Formation Commission

FROM: David E. Fey, AICP, Executive Officer 

PREPARED BY: George Uc, LAFCo Analyst II

SUBJECT: 9. Consider Adoption: Municipal Service Review and Sphere of Influence Update Prepared for the City of Fresno

10. Consider Approval: City of Fresno "Sphere of Influence Revision." A request to revise the City of Fresno's sphere of influence by adding approximately 37 acres of territory located north of Copper Avenue and east of Friant Road (LAFCo File No. RS01-164).

RECOMMENDATION: Continue to Date Uncertain

Executive Summary

On August 24th staff received a letter from Fresno City Manager Bruce Rudd (attached) requesting the Commission to table the September 9, 2015, hearing of the Draft City of Fresno MSR to the November 4th hearing. Mr. Rudd expressed that there were a number of statements contained in the Draft MSR that were not accurate or were outdated and asked that the hearing be continued in order for the City to provide LAFCo with proposed revisions, clarifications, and amendments to the Draft MSR that accurately reflects the City's ability to serve the community.

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.

MSRs provide a comprehensive review of the services provided by a city or district and present recommendations with regard to the condition and adequacy of these services and whether or not modifications to a city 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.

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

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

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

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

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



BRUCE RUDD
City Manager



August 19, 2015

Mr. David Fey, Executive Director
Fresno Local Agency Formation Commission
2607 Fresno St
Fresno, CA 93721

RE: Draft Municipal Service Review

Dear Mr. Fey,

I am in receipt of the notice advising the City of Fresno of a hearing in which the Fresno Local Agency Formation Commission (LAFCO) will consider information, recommendations, and amendments to the Draft Municipal Service Review (MSR) of the City of Fresno. As noted, the information contained in the MSR can be used by the Commission to determine whether the current Sphere of Influence is sufficient or whether revisions to the Sphere are warranted.

Pursuant to our discussions on August 6, 2015, the Draft MSR represents a significant departure from MSRs previously conducted by the Commission for any city within Fresno County. While the level of assessment and analysis may be warranted, it is important that the information that is ultimately provided to the Commission is both timely and accurate.

Unfortunately, this does not appear to be the case. For example, there are a number of statements contained in the Draft MSR related to the City's financial condition and/or operations that are either inaccurate or so outdated that they are no longer relevant. Furthermore, the Draft MSR contains recommendations that include topics such as the annexations of county islands, dissolution of special districts, etc., yet no analysis was conducted to examine the operational impacts and/or financial implications associated with any of these recommendations.

Therefore, the City of Fresno is formally requesting that the Commission table the September 9, 2015, hearing of the Draft City of Fresno MSR until its November meeting so that we can provide LAFCO with proposed revisions, clarifications, and amendments to the Draft MSR that accurately reflects our ability to adequately serve our community.

Please feel free to contact me at (559) 621-7780 or at bruce.rudd@fresno.gov if you have any questions or need further information related to this matter.

Sincerely,

Bruce Rudd
City Manager

Cc: Ashley Swearingin, Mayor
Fresno City Councilmembers
Renena Smith, Assistant City Manager
Jennifer Clark, Director of Development and Resource Management

City Manager's Office • City of Fresno
2600 Fresno Street • Fresno, California 93721-3601
(559) 621-7784 • FAX (559) 621-7776 • Bruce.Rudd@fresno.gov

Attachment B

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

~~AGENDA ITEM No. 6~~

DATE: November 4, 2015
TO: Fresno Local Agency Formation Commission
FROM: David E. Fey, AICP, Executive Officer 
SUBJECT: Consider Adoption – Municipal Service Review and Sphere of Influence Update Prepared for the City of Fresno

RECOMMENDATION: Conduct a workshop on the draft Municipal Service Review prepared for the City of Fresno; at the conclusion of the workshop continue the item until December 9, 2015, at which time the Commission will consider approving the MSR and updating the City's sphere of influence by taking the following actions:

- A) Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines, find that prior to adopting the written determinations, the Municipal Service Review and Sphere of Influence determinations under consideration are Categorically Exempt from the provisions of the California Environmental Quality Act (CEQA) under Section 15306, "Information Collection" and Section 15061(b)(3), "General Rule Exemption."
- B) Find that the Municipal Service Review and Sphere of Influence Update prepared for the City of Fresno are complete and satisfactory.
- C) Find that the written determinations within the Municipal Service Review and Sphere of Influence update satisfy State Law.
- D) Pursuant to Government Code sections 56425 and 56430 make the required determinations for the Municipal Service Review and City Sphere of Influence, adopt the Municipal Service Review prepared for the City, and adopt the City of Fresno Sphere of Influence.

Background

On January 9, 2013, the Commission authorized the Executive Officer to enter into an agreement with Policy Consulting Associates, LLC (PCA) to prepare a Municipal Service Review (MSR) for the City of Fresno. A \$35,000 consulting services agreement was executed on July 24, 2013, and work on the project began in August, 2013, with a kick-off meeting between staff, the consultant, and city department managers.

Due to the size of the City of Fresno and the complexity of its many municipal services, LAFCo chose to retain a consultant to perform the MSR with a goal of having the MSR completed after the completion of the City's General Plan update. At that time, the City was in the process of

completing the work on its General Plan and the Commission expressed its interest in completing the MSR once the General Plan was adopted. This occurred in December, 2014.

The City of Fresno agreed to fund the consultant expense for the preparation of this MSR. In July, 2015, the Commission approved a \$3,995 amendment to the project budget. The amendment was deemed necessary to complete the project which had been delayed in part due to turnover of department managers and changes to the state of Fresno's fiscal status necessitating substantive revision to the administrative draft document.

In accordance with Government Code (GC) section 56066, Fresno County is the principal county. Fresno LAFCo is responsible for updating the sphere of influence (SOI) for the City consistent with GC section 56425. In order to update the agency's SOI, Fresno LAFCo has prepared this MSR in accordance with GC section 56430.

Late correspondence from Fresno City Manager Bruce Rudd is attached.

Background on the Function and Organization of a Municipal Service Review

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCo to review and update, as necessary, city and 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.

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

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

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

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

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

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

A summary of the determinations and recommendations is attached as Exhibit A. The complete draft MSR has been provided to the Commission with this report. A copy of the draft MSR was posted to the LAFCo website on October 21, 2015 at www.fresnolafco.org.

Summary of the City of Fresno MSR

At approximately 114 square miles in size and over 515,000 in population, the City of Fresno is the largest city in Fresno County. The City provides multiple municipal services ranging from the traditional safety services, sewer, water, and parks, to services for the homeless, a convention center, and two airports.

The City's Sphere of Influence (SOI) was most recently updated by LAFCo in 2006 and again in 2007, both times to reflect the approximately 9,000-acre Southeast Growth Area Specific Plan, or SEGA. While originally called SEGA, this area is now referred to by the City as the Southeast Development Area (SEDA) and in the context of this report the growth area is referred to by either acronym.

The current SOI is comprised of most of the land within the City's boundaries, as well as the unincorporated islands, and land beyond the outer city limits on all four sides. The SOI encompasses 157 square miles, of which 43 square miles is unincorporated land.

According to the MSR's executive summary,

The City appears to provide adequate services based on the performance measures assessed in this document. No significant deficiencies were identified that greatly affect the overall level of services offered. However, typical of any public service provider, there is room for improvement in the level of services offered by the City.

The City plans for infrastructure needs in a five-year capital improvement plan that is a component of the annual budget. The City is proposing \$1.3 billion in capital improvements amongst the various departments between FYs 16 and 20, with the most extensive expenditures in the Public Works and Public Utilities Departments.

There are several agencies, including Pinedale County Water District, Pinedale Public Utility District, Malaga County Water District, 10 County Service Areas, Calwa Recreation and Park District, and Bluffs Community Services District, that provide municipal services similar to the City. These agencies' multiple service boundaries overlap the incorporated City territory and unincorporated areas/islands within the City's SOI.

Past planning analyses concluded that service delivery efficiencies could result from consolidation of service responsibilities by fewer local agencies. A successful example is the eight-year effort in the 1990s to consolidate the County Water Districts with the City of Fresno's Water Division.

Given the City's current General Plan focus on the fiscal effects of growth, it may be prudent to reassess the efficiencies of multiple special districts in the Fresno SOI.

The Fresno MSR and SOI determinations have been developed based largely on information provided by City staff, but also on recent conversations about how the City provides services to its current and future citizens, and how the City and LAFCo will interact when service and growth decisions are necessary.

To that extent, many of the MSR and SOI recommendations reflect voluntary actions by the City, the County, and other local agencies, that, if performed, are intended to benefit the efficiency of metropolitan area service delivery and enhance the order and logic of local agencies' growth and development. The recommendations presented below have been arranged into generalized categories (duplicate MSR and SOI recommendations have been eliminated) to harmonize their intended benefit with that of (first) the city of Fresno, and (second) with other agencies, including Fresno LAFCo.

The recommendations directed at the City are voluntary to the extent that the LAFCo doesn't have the authority to command the City to take these actions. However, future LAFCo decisions may evaluate whether the City has considered LAFCo's recommendations.

The full text of the MSR includes an executive summary of the MSR beginning on page 3 and includes a discussion on the origins of the MSR on page 20. The focus of MSRs in general is to examine the accountability and relevance of certain local agencies, the efficiencies of the services provided, potential cost reductions, and the logic of service delivery.

Summary of MSR Recommendations by General Category

General Category: Aligning the City's General Plan and SEDA Policy with LAFCo policy

- That the City evaluate whether its SEDA conditions—contained in both the City/County Memorandum of Understanding and Fresno LAFCo's conditional approval of the SEGA SOI—remain appropriate given the shift in the General Plan's development policy since 2006.
- That Fresno LAFCo determines a SOI for the City's Regional Wastewater Reclamation Facility.
- That the City develops a General Plan implementation program that conforms with the Fresno LAFCo annexation program. This implementation program can address annexation of the unincorporated islands within the city limit; annexation of the urban edge that is impacted by irregular boundaries, and conflicting County land and comprehensive service transition planning for affected agencies.

General Category: Regional Planning

- That the City, the City of Clovis, Fresno County, Madera County, and other neighboring cities, and Fresno LAFCo continue to participate in regionally collaborative planning efforts.
- That the City works with Fresno LAFCo, Fresno County, and the special districts in the Fresno SOI to assess metropolitan area service delivery and determine if efficiencies may be gained if the City assumed responsibilities for services in these areas.

General Category: Metropolitan Planning and Service Efficiencies

- That the City program regular updates of its master service plans to ensure that they are kept up-to-date.
- That LAFCo initiate a multi-agency assessment of the efficiencies of annexation of county islands and multiple special districts in the Fresno SOI.
- That the County amends its General Plan to conform to the City's designated land uses in areas within the Fresno SOI.
- That the City coordinates with these special districts to the greatest extent possible to ensure clarity on service areas and proper regional planning of water and wastewater infrastructure.

General Category: Municipal Service Efficiencies

- That the City plans as necessary to ensure sufficient capacity at the Regional Wastewater Reclamation Facility appropriately addresses population growth from development.
- That the City continues to strive for lower response times by public safety departments to meet goals and standards.
- That the City continues to work to ensure an equal distribution of park and recreation facilities throughout the City.
- That the City conducts a comprehensive assessment of its law enforcement facilities to identify and prioritize capital needs.
- The City will need to assess options for addressing potential future increased demand at the Regional Wastewater Reclamation Facility, as it is nearing 75 percent capacity—the threshold at which initial planning efforts are required by State statute and are considered a best management practice. Additionally, corrective measures to address significant infiltration and inflow in Downtown Fresno are recommended
- That the City ensures that contract Fresno Convention & Entertainment Center provider benchmarks are attained and subsidizing of operations by general fund minimized to the greatest extent possible.¹

General Category: Metrics for Accountability

- That the City institutes a centralized system to document and track all developments under construction, approved, and/or proposed in a manner that is accessible by city staff and members of the public.
- That the City implements an objective and transparent measurement to track its development benchmarks to determine the appropriate timing of planned growth.

¹ Information obtained after the release of the draft MSR indicates that this determination may no longer be applicable. Additional information will be provided at the November workshop.

Sphere Of Influence Recommendations by General Category

General Category: Aligning General Plan and SEDA Policy with LAFCo policy

- That the SEDA SOI be retained at this time to allow for the opportunity to properly address the policy concerns identified in this report. Fresno LAFCo may define a period within which the City must report back and provide the status of its efforts at conducting specific planning or identifying a timeline for when specific planning will occur.
- That LAFCo develop policies specific to SEDA that ensure the area is developed in an orderly fashion and consistent with the City's development priorities in other areas.
- That the Friant-Copper SOI proposal be included in the City's SOI if it is also supported by the City.
- That Fresno LAFCo determines a SOI for the City's Regional Wastewater Reclamation Facility.
- That, should Fresno County be selected as the site for the heavy maintenance facility, the City should apply to LAFCo for an SOI amendment and annexation in order that services can be provided to the facility.

General Category: Annexation Program

- That the City develops a General Plan implementation program that conforms with the Fresno LAFCo annexation program. This implementation program can address annexation of the unincorporated islands within the city limit; annexation of the urban edge that is impacted by irregular boundaries, and conflicting County land and comprehensive service transition planning for affected agencies.
- That the City develop a comprehensive plan for annexation of its urban fringe where rural residential parcelization has heretofore hampered orderly and efficient growth of the City.
- That the City's annexation plan include outreach to these special districts to ensure proper sub regional planning of infrastructure and coordinate the eventual transition of services as the City annexes the areas served by the special districts.
- That the City's annexation plan include outreach to these special districts to ensure proper sub regional planning of infrastructure and coordinate the eventual transition of services as the City annexes the areas served by the special districts.

Environmental Determination

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

Furthermore, this MSR qualifies for a general exemption from environmental review based upon CEQA Regulation section 15061(b)(3), which states: "The activity is covered by the general rule

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

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



BRUCE RUDD
City Manager

October 27, 2015

Mr. David Fey, Executive Officer
Fresno County Local Agency Formation Commission (LAFCo)
2607 Fresno Street, Suite B
Fresno, CA 93721

RE: City of Fresno Municipal Service Review

Dear Mr. Fey,

Thank you for the opportunity to provide preliminary comments to the City of Fresno Municipal Service Review (MSR), which is scheduled to be presented to the Fresno City Council on October 29, 2015, and to the Fresno County Local Agency Formation Commission (LAFCo) on November 4, 2015. I also want to thank you and your staff for the cooperation that was provided in the development of the document and your willingness to allow City staff to correct and/or update the document in order to provide the Commission with information that is both relevant and timely.

As we have previously discussed, the Fresno MSR represents a significant departure from previous studies in that the level of information and analysis contained in the Fresno MSR is far greater than what has been included in previous reviews conducted and adopted by LAFCo. In addition, the Fresno MSR highlights the need for regional land use planning and the role that LAFCo can play in ensuring that future development is consistent with other regional goals; in particular those related to air and water quality concerns.

Based on a cursory review of the Fresno MSR, and subject to further comments from Mayor Swearingin and the Fresno City Council, it appears that we concur with all the recommendations contained in the Fresno MSR. Of all the recommendations made, there appear to be two key policy areas related to when and where future growth will occur and the manner in which annexations are evaluated that warrant a broader discussion amongst various stakeholders. Again, the recommendations related to regional land use issues are welcomed as the City's ability to achieve many of the outcomes contained in our General Plan Update are contingent upon what is allowed to occur outside Fresno's Sphere of Influence (SOI).

While we agree with LAFCo staff's recommendation to retain the Southeast Development Area (SEDA) SOI, there are other significant regional policies/issues not referenced in the Fresno MSR that will require further review and discussion. For example, the Fresno MSR did not evaluate how a reduction in the SEDA SOI would subsequently require the County and other cities to amend their existing General Plans to mitigate the loss of up to 45,000 housing units currently contained in SEDA. Similar changes would also need to be

incorporated into the Fresno County Council of Governments Regional Housing Needs Assessment (RHNA).

The reallocation of these housing units may prove to be difficult without increasing another cities' density, sphere, and/or negatively impacting the VMT assumptions contained in Fresno County's adopted Sustainable Community Strategies (SCS). In addition, the reallocation of these additional housing units would have to consider future impacts on ground and surface water supplies that may not be available to many of the other cities or unincorporated areas within Fresno County as a result of the Sustainable Groundwater Management Act.

With regards to annexation, the City would welcome further discussions related to this issue. While I understand there may have been general support for annexations in the past, due to the improved efficiencies associated the delivery of services, it does not appear that previous studies considered all the fiscal impacts associated with different annexations, especially for those areas outside the Fresno SOI in which there is a lack sufficient and/or appropriate infrastructure needed to meet future environmental requirements (e.g., water quality and sustainability).

There also needs to be further understanding related to the unintended consequences associated with different annexations. Case in point is the recent discussion and subsequent Transition Agreement between the County Fire Protection District and the City of Fresno. While the parties agreed to the payment of a one-time fee, future annexations may negatively impact the District's ability to generate sufficient revenues needed to sustain ongoing operating expenses over the long term. While an annexation of a county island, such as Sunnyside or Fort Washington, could be mitigated over the short term by the payment of a Transition Fee, these kind of annexations would result in an ongoing loss of revenue that could be difficult to address without a reduction in service or the ability to reallocate future increases in operating expenses over the remaining service area.

Again, thank you for the opportunity to provide some preliminary comments and I look forward to working with you and your staff on a number of regional issues identified in the Fresno MSR.

Please contact me at bruce.rudd@fresno.gov or at (559) 621-7780 if you have any questions or need further information related to this matter.

Sincerely,



Bruce Rudd
Fresno City Manager

c. Mayor Ashley Swearengin
Fresno City Councilmembers
Jennifer Clark, Director of Development and Resource Management Department

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MSR DETERMINATIONS AND RECOMMENDATIONS (GC §56430)

1. Growth And Population Projections for the Affected Area

- As of January 1, 2014, the City had a population of approximately 515,609, based on California Department of Finance (DOF) estimates, which indicates approximately four percent growth since the 2010 Census.
- The City's General Plan projects that the area within the City's SOI will accommodate an additional population of approximately 226,000 new residents by 2035, resulting in a total population of 771,000, which equates to an average annual growth rate of 1.24 percent.
- The City anticipates that surrounding areas will continue experiencing high rates of population growth over the planning horizon of the General Plan, although growth is expected to be approximately half the rate as that of the past 30 years.
- The City continues to have applications for new structures and larger multi-unit developments; however, new development has significantly slowed in recent years.
- While the City does track, to some degree, proposed and approved developments, this information is limited and not readily available in a usable format. The system also fails to track the stages or progress of development.

Recommendation: that the City institute a centralized system to document and track all developments under construction, approved, and/or proposed in a manner that is accessible by city staff and members of the public.

- The California High Speed Rail project is anticipated to promote economic and job growth with the construction of the proposed heavy maintenance facility just south of the Fresno SOI and development of the downtown station. The City plans to capitalize on the project by creating a plan to revitalize the Downtown area surrounding the proposed station. Additionally, should the heavy maintenance facility be approved south of the City, the City has expressed interest in services to the facility. This may necessitate an expansion of the Fresno SOI.
- Due to a balance of investment in established neighborhoods and new growth areas, the General Plan allows an overall increase in residential density and development intensity as compared to the 2025 General Plan.
- Specific planning for the Southeast Development Area (SEDA) has been deferred as a result of the City's subsequent plans to focus on enhanced infill in its existing city limits and direct new development to the west and southwest development areas. The City has, to some degree, incorporated SEDA into its General Plan Update; however, policies that deal with how this area fits into the greater infill and west area policy structure are broad in nature. Further, the City Council and Board of Supervisors have already approved one 20-acre

development in SEDA that, though permitted by exception, may indicate market pressure to develop this area prior to the completion of the major planning tasks that had earlier been deemed necessary by the City and County and now are unfunded and unscheduled.

Recommendation: that the City evaluate whether its SEDA conditions—contained in both the City/County Memorandum of Understanding and Fresno LAFCo’s conditional approval of the SEGA SOI—remain appropriate given the shift in the General Plan’s development policy since 2006.

- The City plans to adopt a method to ensure strategic sequencing of development, in order to promote infill development within city limits prior to areas requiring annexation.

Recommendation: that the City implement an objective and transparent measurement to track its development benchmarks to determine the appropriate timing of planned growth.

- The City of Fresno has partnered with 13 of the other 15 federally-defined Urbanized Areas in the San Joaquin Valley as part of the Smart Valley Places network, to plan and implement smart growth, livability, and sustainability through revised land use and transportation systems in the respective cities within all the Urbanized Areas in the eight-county Valley region.
- The City has adopted several policies in its General Plan to ensure coordinated development of certain infrastructure common between the City of Fresno and the City of Clovis.

Recommendation: that the City, the City of Clovis, Fresno County, Madera County, and other neighboring cities, and Fresno LAFCo continue to participate in regionally collaborative planning efforts.

- Fresno LAFCo adopted a policy encouraging annexation of unincorporated islands within city limits and requiring cities in Fresno County to develop plans to annex these areas. To date, the City of Fresno does not have a plan in place for annexation of these islands.

Recommendation: that the City develop a General Plan implementation program that conforms with the Fresno LAFCo annexation program. This implementation program can address annexation of the unincorporated islands within the city limit; annexation of the urban edge that is impacted by irregular boundaries, and conflicting County land and comprehensive service transition planning for affected agencies.

- The Fresno City Manager has stated that the City will be the applicant for all new annexations. According to LAFCo Policy 318, Fresno LAFCo may not disapprove an annexation within an urban service area that is initiated by a city resolution and is

contiguous territory, which is not prime agricultural land and is designated for urban growth on the City's General Plan.

- In previous SOI updates, the non-contiguous land where the Regional Wastewater Reclamation Facility is located has not been discussed for inclusion in the City's SOI, although the territory is within the incorporated city limits as an island as permitted by CKH. By excluding the wastewater facility lands from the SOI, it could appear that LAFCo is signifying the eventual detachment of this land from the City; however, this is not the case. The practice of not including a city's non-contiguous public facility within an SOI is common for LAFCOs, given that growth of public facilities is relatively slow when compared with the market influences of the city itself, and occurs generally in response to the territory needed to expand the public facility.

Recommendation: That Fresno LAFCo determine a SOI for the City's Regional Wastewater Reclamation Facility.

2. Location And Characteristics Of Any Disadvantaged Unincorporated Communities Within Or Contiguous to the Sphere of Influence

- Identifying and including disadvantaged unincorporated communities (DUCs) in the long range planning of a city or special district is required by SB 244.
- For any request for a new or SOI update with regards to a city or special district, the city or special district will be required to identify any disadvantaged unincorporated communities within and contiguous to their boundaries and identify any legacy communities within one mile of the existing or proposed SOI. Pursuant to Fresno LAFCo Policy 106, LAFCo will verify all information and make independent attempts to identify DUCs using various means of information sources.
- LAFCo staff considered various sources of information available and included local community-based organizations input in order to determine the locations where DUCs may exist within the City's SOI boundaries and greater unincorporated areas.
- LAFCo staff has identified 20 potential DUCs within Fresno's SOI and six potential DUCs within a one-mile distance outside the adopted SOI boundaries.
- Locations identified as DUCs display characteristics of a DUC pursuant to Fresno LAFCo's Policy 106 and consistent with the CKH Act of 2000. Each identified DUC area is designated with a number in Figure 7-3 and the corresponding community description identifies: the location, number of properties within the DUC, its U.S. Census Tract-Block Group number, and the MHI levels for the time period between 2006 and 2010.
- The City's General Plan indicated the City plans to comply with SB 244 in developing a city strategy to identify all DUCs within the City's SOI. The General Plan states that the City of

Fresno will perform the required infrastructure analysis to coincide with its next scheduled Housing Element Update in Compliance with State law.

- The information presented in Chapter 7 provides the City with data needed to meet SB 244 requirement pursuant to GC §65302.10.(a) which requires that each city review and update the land use element of its general plan, based on available data, including, but not limited to, the data and analysis developed pursuant to GC §56430.

3. Present and Planned Capacity of Public Facilities and Adequacy of Public Services in any Disadvantaged, Unincorporated Communities Within or Contiguous to the Sphere of Influence.

Present Capacity

- Certain departments face more significant challenges to capacity than others. The public safety departments have more readily identifiable capacity concerns, compared to other departments, as defined by longer emergency response times.
- The City of Fresno Police Department had to implement significant organizational changes to meet community needs with fewer resources, including priority modification, staff reassignment, and restructuring of the operations. These economic constraints, combined with other issues, such as parole reform and the early release of prisoners, have required the Department to focus its resources on the highest priority duties, resulting in longer response times.
- The Fire Department has been unable to meet target response times, due to cuts in the number of units available to respond. Additionally, due in part to the duplication of services provide by American Ambulance, the Department has stopped responding to serious medical emergency calls, and reduced availability for all public education outreach.
- The Parks, After School, Recreation and Community Services Department (PARCS) has experienced deferred maintenance of infrastructure which is costly to maintain and relies heavily on volunteers for maintenance work.

Planned Capacity

- There is a general need to update master planning documents to ensure adequate capacity of city infrastructure, facilities, staffing, and other resources to address planned land use density changes between the 2025 General Plan and General Plan Update.

Recommendation: that the City program regular updates of its master service plans to ensure that they are kept up-to-date.

Recommendation: that LAFCo initiate a multi-agency assessment of the efficiencies of annexation of county islands and multiple special districts in the Fresno SOI.

Recommendation: that the County amend its General Plan to conform to the City's designated land uses in areas within the Fresno SOI.

- Substantial design of essential infrastructure will be necessary before any new development can take place in the Southeast Development Area. Based on current MOU and LAFCo conditions, adoption of a specific plan that includes comprehensive provision of public infrastructure is necessary.
- According to the General Plan, portions of SEDA are anticipated to develop by 2035, with General Plan buildout not occurring until 2050 or beyond.
- The City will require additional sworn law enforcement officer personnel and firefighting personnel in order to meet its targeted staffing level as identified in the General Plan
- The City will need substantially more park acreage to meet the new General Plan goal of five acres per 1,000 residents.
- As reported in the General Plan, the City's existing waste disposal facilities are considered adequate to maintain a sufficient level of service for future population growth in the City through the planning period of the document.
- According to the City's General Plan, Fresno's existing street system has excess capacity in several key areas due to the recent construction of the freeway system. The City aims to take advantage of this situation by promoting denser development on these streets.
- In order to support the projected increase in population, the City recognized that its wastewater collection and treatment system must be expanded to handle the resulting increase in flow and to provide service to new developments. The City plans to continuously monitor, and update as necessary, the master planning documents prepared for the wastewater management division to ensure that wastewater capacity is available to accommodate new planned growth and development.
- Where infill development substantially increases density or building height, the existing public water main infrastructure may require upgrading due to increased domestic water demand reducing available water volume and pressure for firefighting and potential damage to aging water pipes during firefighting incidents.

Service Adequacy

- The City appears to provide adequate services based on the performance measures assessed in this document. No significant deficiencies were identified that greatly affect the overall level of services offered.

- Typical of any public service provider, there is room for improvement in the level of services offered by the City. Specifically, during the course of this review the following highlighted recommended enhancements to service were identified to address chronic/repetitive issues or public safety concerns:

Recommendation: that the City ensure that contract Fresno Convention & Entertainment Center provider benchmarks are attained and subsidizing of operations by general fund minimized to the greatest extent possible.

Recommendation: that the City plan as necessary to ensure sufficient capacity at the Regional Wastewater Reclamation Facility appropriately address population growth from development.

Recommendation: that the City continue to strive for lower response times by public safety departments to meet goals and standards.

Recommendation: that the City continue to work to ensure an equal distribution of park and recreation facilities throughout the City.

Infrastructure Needs and Deficiencies

- Airports: A majority of the airports' major infrastructure needs were addressed in FY 14 with smaller projects planned over the next five-year period.
- Fresno Convention & Entertainment Center: Three of the halls/theaters associated with the Fresno Convention & Entertainment Center are aging and in need of improvements that were deferred until sufficient funding could be identified. Funding has reportedly now been identified and a facility assessment will be conducted later this year to identify ongoing lifecycle costs.
- Fire and EMS: The Fire Department has plans for a new fire station to replace its existing temporary structure where Station 18 is presently housed. Other infrastructure needs include a new Fire Apparatus Repair Facility as well as upgrades to the Fire Training Facility; however, these capital improvements have been deferred until funding can be identified.
- Homeless: There is opportunity for community leaders to develop plans for the creation of an appropriate emergency shelter. There is a continued need to develop plans for permanent housing opportunities. While the City might be able to help fund the cost of an emergency homeless shelter, the underlying responsibility of operating such a facility resides with the County and/or other social service agencies.
- Law Enforcement: Reportedly, there are multiple law enforcement infrastructure needs that have not yet been recorded because facilities have not been thoroughly assessed.

Recommendation: that the City conduct a comprehensive assessment of its law enforcement facilities to identify and prioritize capital needs.

- **Parks and Recreation:** The City continues to develop new parks as funding allows, but it has had to make certain cuts to cover budget shortfalls and ensure adequate funding for continued maintenance upon construction. As a result of budget cuts, there is substantial deferred maintenance at existing park facilities. In addition, the level of funding from park impact fees, combined with developers applying fee credits to their projects, have resulted in General Fund dollars that could have been used for deferred maintenance now being used to cover the debt service for new parks built over the last 10 years.
- **Solid Waste:** The City continues to monitor the inactive Fresno Sanitary Landfill site, and provide all required post-closure care and maintenance in accordance with the EPA consent decree.
- **Streets:** Fresno has transportation facilities that meet all modes of circulation, but the systems for pedestrians and bicycles are largely incomplete. Completing these citywide networks would encourage faster and simpler travel routes for work, errands, and recreation by means other than private automobile. Correspondingly, the City envisions in its General Plan a Level of Service (LOS) system that includes all modes of transportation, including pedestrians, bicycles and public transit users. A multi-modal LOS system is expected to help support the development of more intense land uses where desired by permitting localized automobile congestion, if walking, biking, and transit systems operate at high levels.
- **Transportation:** The City is proposing significant capital improvements to its public transit system over the next five years, projecting to cost \$189.2 million. Capital expenditures will have a particular emphasis on the bus rapid transit system and improving service levels along other key transit corridors (e.g., Shaw Avenue).
- **Wastewater:** The City's aging infrastructure (collection and treatment), together with the need to pursue more advanced levels of reclamation and reuse are of significance, especially when planning for full buildout under the City of Fresno General Plan Update. The City is in need of and is planning to construct the East Central Recycled Water Facility to provide recycled water for non-potable purposes and redirect sewer flow from a portion of the sewer trunk system that lacks adequate capacity.

Recommendation: The City will need to assess options for addressing potential future increased demand at the Regional Wastewater Reclamation Facility, as it is nearing 75 percent capacity—the threshold at which initial planning efforts are required by State statute and are considered a best management practice. Additionally, corrective measures to address significant infiltration and inflow in Downtown Fresno are recommended.

- Water: Due to declining groundwater levels, contamination concerns, and new legal requirements regarding groundwater management, the City just approved a significant water capital improvement plan, to be implemented through FY 19, to diversify its water supply portfolio with surface and recycled water, prevent groundwater overdrafting, offset current demands, and meet future demands from anticipated growth.
- Economic Development: Given the City's chronic high level of unemployment that is nearly 50 percent higher than the statewide unemployment rate, economic development is crucial to the City. The City is working with the private sector to retain, expand and attract new businesses to Fresno and the Central Valley. It is extremely important the City foster through public-private partnerships business parks and industrial land development ready. Failure to plan for and foster industrial land makes the City uncompetitive for business development.

4. Financial Ability of Agencies to Provide Services

- The City of Fresno, like all other cities in the State of California, has suffered the devastating impacts that the prolonged recession has had on its economy and City revenues. Loss of significant amounts of sales tax, property tax, and service charge revenue specific to the General Fund during the recession heavily impacted the financial condition of the City.
- Due to the City's size, municipal service responsibilities, bargaining unit agreements, debt service obligations, and capital expenditure requirements, revenue recovery did not matched expenditure growth proportionately.
- In general, the City's former financial condition would be considered unstable in some respects due to depleting emergency reserves, negative fund balances, declining revenues, and increasing employment costs. However, the City has made great strides in implementing cost saving measures to manage the slow revenue recovery, including an overall reduction of approximately 1,200 employees, reduction or elimination of some maintenance and replacement of equipment, and increased utilization of volunteers where feasible in the parks and recreation type activities.
- The City has implemented a five-year budget plan to manage the fiscal condition of the City and grow itself back to sustainable levels. Due to the instability of revenues, the City previously experienced significant short term cash flow problems, incurred negative fund balances requiring repayment, and had no opportunity to rebuild emergency cash reserves. The five-year plan adopted by the City is working to address these issues.
- Capital replacement programs throughout the City had been suspended until the City began to recover sufficiently from the recent economic downturn. Over the last two years, the City has begun to fund regular maintenance, funded the ongoing cost of police cars and fire

apparatus, taken the steps to address decades of deferred repairs and improvements to its facilities, built two new parks, and improved several existing park and recreation facilities.

- Most departments identified lack of funding as a significant challenge to services. Most of the “enterprise” (business type activities) such as water, wastewater and solid waste services, are now financially stable.
- Despite recent difficulties, the Solid Waste Division has a healthy financial reserve. The division’s reserve has been used on occasion to cover the deficit of other city departments, but always with repayment dates in place.
- The Fresno Convention & Entertainment Center complex does not generate sufficient profit to fully finance operations, which is not uncommon among convention centers. The shortfall is subsidized by the City's General Fund.
- The City has previously established facilities fees to implement the goals and objectives of the City’s 2025 General Plan, and to mitigate the impacts caused by future development in the City through acquisition and construction of additional facilities. However, a development impact fee update is underway to address the needs of the General Plan.
- In 2015, the City Council approved a five-year rate plan to finance significant capital improvements to the water system.

5. Status of, and Opportunities for, Shared Facilities

- The City takes advantage of opportunities for shared facilities where it can and is open to additional sharing opportunities as they arise. Fire, police, water, and wastewater services are the predominant city services that presently practice facility sharing with other agencies.
- The Fire Department rents two of North Central Fire Protection District’s vacated fire stations—one to house an antique fire apparatus and other equipment, and the other as a supply facility. FFD's Station 10 is shared with reserve aircraft firefighting personnel. Station 21 is also used as a post for American Ambulance, which includes two ambulance personnel. The City also has an automatic aid agreement with the City of Clovis whereby the nearest fire station responds to an emergency regardless of the jurisdiction within which it is located
- The police training facility is used by Fresno Police Department staff and by law enforcement personnel from around the Central Valley, as well as agencies from around the State. Fresno PD enters into for-fee training programs with other agencies, reducing overall operation and maintenance costs of the facility. Additionally, the Multi-Agency Gang Consortium shares a building with the Fresno County Sheriff’s Department. The location also serves as a processing location for convicted sex offenders.

- Recycled water produced by the City is shared with Fresno Irrigation District via a water sharing agreement in exchange for surface water.
- The City shares the Regional Wastewater Reclamation Facility with the City of Clovis, at which it treats effluent from some unincorporated areas of Fresno, the City of Clovis, Pinedale Public Utility District, and Pinedale County Water District.
- The FAX fixed route conventional bus transportation system integrates with the City of Clovis' fixed route system.
- The Police Department continues to explore a joint dispatch center with Fresno County Sheriff's Department.
- The City is reportedly identifying opportunities to add park space to established neighborhoods through mechanisms such as co-location with other facilities and joint use agreements.
- In addition to regional planning activities, the City's General Plan identifies opportunities for significant sharing of services amongst adjacent providers, including the County of Fresno, the County of Madera, and the City of Clovis, in the form of a regional justice system, a regional public health program, and regional library, recreational, and social services.
- There appears to be an opportunity for enhanced communication between the city and other neighboring/overlapping utility providers. Malaga County Water District, Pinedale Public Utility District, and Pinedale County Water District provide services adjacent to or overlapping the City's boundaries; however, it is often unclear where these overlaps occur. For example, it is unclear whether solid waste services are provided by the City to the portions of MCWD within the city limits, as neither the City nor MCWD were able to provide clarification.

Recommendation: that the City coordinate with these special districts to the greatest extent possible to ensure clarity on service areas and proper regional planning of water and wastewater infrastructure.

6. Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies.

- The City of Fresno demonstrated accountability and transparency in its various aspects of operations. The governing body updates constituents, solicits constituent input, and posts public documents on its website.
- The City Council recently created the Enterprise Capital Management and Citizen Oversight Committee to review capital improvement plans with regard to the enterprise functions of the City to ensure efficient use of public funds.
- As the population grows and changes, increased attention to service efficiencies will be necessary, especially given fiscal constraints affecting local governments in California.

Intergovernmental cooperation, regionalization of services and joint efforts for efficiency warrant continued attention.

- Several governance structure options were identified in previous MSRs and over the course of this MSR. There are many special districts, including Pinedale County Water District, Pinedale Public Utility District, Malaga County Water District, 10 county service areas, Calwa Recreation and Park District, and Bluffs Community Services District, which provide similar services as the City and overlap the incorporated city territory and areas in the City's SOI. Potential district modifications could enhance the efficiency of service delivery.

Recommendation: that the City work with Fresno LAFCo, Fresno County, and the special districts in the Fresno SOI to assess metropolitan area service delivery and determine if efficiencies may be gained if the City assumed responsibilities for services in these areas.

- The Fresno Metropolitan Flood Control District (FMFCD) encompasses almost the entirety of the Fresno-Clovis Metropolitan Area, with the exception of 6.5 square miles of SEDA, which has yet to be annexed to the District. Once all of SEDA is annexed, FMFCD will develop and adopt storm water master plans for SEDA.

7. Any Other Matter Related to Effective or Efficient Service Delivery, as Required by Commission Policy.

- None.

SPHERE OF INFLUENCE ANALYSIS

EXISTING SPHERE OF INFLUENCE

The City's Sphere of Influence (SOI) was most recently updated by Fresno LAFCo in 2006 and again in 2007. The SOI update that took place in 2007, after the completion of the Municipal Service Review, simply reaffirmed the City's SOI previously amended in 2006. The current SOI is comprised of most land within the City's boundaries (with the exception of the non-contiguous territory where the regional wastewater facility is located to the southwest of the City), as well as the unincorporated islands, and land beyond the outer city limits on all four sides. The SOI encompasses 157 square miles, of which 43 square miles is unincorporated land. The City's SOI is larger than its boundary area by 39 percent.

The SOI amendment in 2006 consisted of the addition of 8,863 acres termed the Southeast Development Area (SEDA), formerly termed the Southeast Growth Area or SEGA. As part of the approval of the SOI amendment, Fresno LAFCo placed conditions on future annexations of parcels within SEDA, including adopting a specific plan for the SEDA territory, preparing and adopting a master service delivery plan for SEDA, and preparing, adopting and initiating

implementation of a program for annexing open space areas and rural residential neighborhoods. The SEDA territory is fully incorporated into the Fresno General Plan and designated with land uses and street circulation classifications consistent with those for the entire SOI planning area covered by the General Plan. Environmental analysis has been completed through the preparation of an updated Master Environmental Impact Report (MEIR) for the City of Fresno.

SPHERE OF INFLUENCE OPTIONS

Over the course of this service review, the following options were identified with regard to the City's SOI:

SOI Option #1: City Proposal – No Change

The Fresno City Council called for no expansion of the City's SOI under the General Plan planning horizon (2035), as recognized in General Plan Policy LU-1-g. The City elected not to expand the SOI in part to fully develop development areas west and southwest of SR 99, and to plan for the phased development of the Southeast Development Area.

As stated in the City's General Plan, the preservation of the SOI boundary not only serves to promote infill development goals, but also to increase the opportunity to focus needed resources in Downtown and established neighborhoods, benefitting current home and property owners. In addition, the strategic investment upgrades to the City's surface water treatment facilities and distribution system, as well as the City's wastewater reclamation facilities and distribution system needed to serve the greater development capacities called for by the General Plan can only be justified by a fixed SOI over the planning period as noted by goals, objectives and policies in the plan.

SOI Option #2: Expansion to Include Potential High Speed Rail Maintenance Facility

While the City has not requested to expand the SOI, General Plan Policy LU-1-g allows for an exception in the case of the potential site for the California High Speed Rail maintenance facility. The facility is proposed to be located on a 700-acre site immediately adjacent to the City's existing SOI between State Route 41 and State Route 99. The maintenance facility study area is located between South Cedar Avenue and the railroad, from East Malaga Avenue in the north to East Jefferson Avenue in the south. Only the portion of the proposed facility location south of East American Avenue is located outside of the City's SOI. The proposed location of the maintenance facility is shown in Figure 21-1.

The City has expressed an interest in providing services to this facility but is not otherwise requesting adding the territory to the Fresno SOI. Notwithstanding, authorization for a city or district to extend services to a proposed facility outside of their SOI must be granted by LAFCo and by statute must be supported by evidence of an existing or pending threat to human health.

and safety. In contrast, it may be more practical for the Fresno SOI to be amended to permit annexation and service to this facility. Those decisions will be addressed at the time that the HSR Authority announces the location of the facility in 2016.

Should this area be included in the City's SOI, it is the City's policy that residential uses would be prohibited. This would be accomplished by a General Plan amendment, rezoning, and annexation of the territory for this use.

SOI Option #3: Expansion to Include Territory in the Friant-Copper Area

Although, the City does not have any plans for SOI expansion, the developer of the Copper River Ranch submitted an application proposal to Fresno LAFCo to revise the City's SOI by including two parcels of land owned by the County of Fresno and to annex said territory to the City of Fresno. The two parcels total 37 acres and are located on the west side of Friant Road at its intersection with Copper Avenue. The territory is designated open space in both the County and City General Plan. The SOI will potentially be amended to include the Friant-Copper area after the developer performs the required environmental review and submits an application to LAFCo. The affected territory is shown in Figure 21-2.

SOI Option #4: Removal of SEDA from City's SOI

Fresno LAFCo took action to add the SEDA to the City's SOI in anticipation of pending specific planning of the area. The City has since redirected its General Plan focus on infill in the existing incorporated area and development of Growth Area 1; SEDA is identified as Growth Area 2. Implementation policies place SEDA in a subordinate position in the sequence of development noting, "Growth Area 2 needs critical infrastructure improvements, and the City does not anticipate that funding for this area can be committed in the near-term."

This raises question about keeping SEDA within the Fresno SOI. LAFCo SOI Planning Horizon policy considers a SOI as the probable physical boundaries of an agency within 20 years of the SOI approval. The undefined nature of "near-term" commitment given to SEDA is instructive given the MOU conditions (similar to LAFCo SEGA conditions) that stipulate extensive land use and municipal service planning, among other activities, prior to development in SEDA. Consequently, the years-long planning efforts must commence long before the plan area is ready to develop.

LAFCo may determine to either retain the SEDA SOI in its existing state and encourage the City to refine sequencing policies so that they better correspond to LAFCo SOI policy, or may determine to remove all or part of SEDA to better correspond to the expressed intentions of the General Plan.

SOI Option #5: Determine a SOI for the Regional Water Reclamation Facility

The non-contiguous territory where the RWRF is located has not been included in the City's SOI in previous SOI updates. As the SOI presently exists, by excluding the wastewater facility lands it appears that LAFCo is signifying the eventual detachment of this land from the City; however, this is not the case. Instead, the area has historically remained outside of the City's SOI as a matter of practice given that the area is non-contiguous to the City's boundaries and the property is owned and used for public purposes by the City.

Options considered were to continue to not include the RWRF in the SOI, and adopting a policy for the territory in question to prevent misinterpretation as to why it is not included in the City's SOI. Ultimately, these alternatives failed to address the likelihood that the city may in the future seek to expand the RWRF facility and need annexation to do so. The most feasible course of action is for the Commission to determine a SOI that meets the intent of a "plan for probable physical boundaries" of this facility.

ANALYSIS OF OPTIONS

The timing and certainty of the potential SOI expansion needed by the HSR heavy maintenance facility is unknown at this time.

A Granville Homes representative recently appeared before Fresno LAFCo requesting that the Friant-Copper SOI expansion be considered by the Commission with the Fresno MSR and SOI determination. If the SOI is expanded as requested, the small area in question would be annexed into the City and the developer would then be eligible for fee credits for its recreation improvements in the territory. No changes to land use are proposed.

With regard to SEDA, the City has directed its growth and planning focus to other areas, namely infill of the existing urban area and Growth Area 1. Given this change and the City Council's November 2014, approval of an exception for a 20-acre development in SEDA (as well as LAFCo's September, 2015 approval of that proposal), the development conditions established to ensure specific planning in SEDA may need to be reevaluated in light of the passage of time since SEDA was originally proposed and changing market conditions. The General Plan mentions SEDA and addresses it at a high level, but demonstrates few specific policies to address current state of planning and development. The City's General Plan does not appear to anticipate development within SEDA in the long term, with only partial development of the area occurring in the next 20 years.

SPHERE OF INFLUENCE DETERMINATIONS AND RECOMMENDATIONS (GC §56425)

1. Present and Planned Land Uses, Including Agricultural and Open-Space Lands

- Of parceled land within city limits, the largest land use is residential at 35 percent (residential and rural residential uses). Other significant land uses within the City are for streets and vacant or agricultural purposes. Within the SOI outside of the City limits, 29 percent of land use is residential and 16 percent is vacant or agricultural.
- While agricultural uses continue to dominate much of the regional landscape, only moderate amounts of agricultural land remains in production within the City's planned urban boundary (primarily in the eastern, southeastern and southwestern areas). In 2011, there was approximately 16,805 acres of agricultural or vacant land within the City and its sphere of influence. A majority of vacant land along the urban edge was actively cultivated agricultural land at one time, although portions may have been purchased in anticipation of future urban expansion. In some instances, agricultural use was discontinued along the fringes of the City in anticipation of urban use.
- Policies in the General Plan were designed to preserve farmland by incentivizing new development within and adjacent to already-urbanized land, only extending public utilities to new development that adheres to the Plan, and not expanding the City's SOI.
- The California High Speed Rail project is anticipated to promote economic and job growth with the construction of the maintenance facility and downtown station. The City plans to capitalize on the project by creating a plan to revitalize the Downtown area surrounding the proposed station.
- The City has expressed an interest in providing services to this facility but is not otherwise requesting adding the territory to the Fresno SOI. Authorization for the city to extend services to the proposed facility outside of the Fresno SOI must be granted by LAFCo and by statute must be supported by evidence of an existing or pending threat to human health and safety. In contrast, it may be more practical for the Fresno SOI to be amended to permit annexation and service to this facility.
- Those decisions will be addressed at the time that the HSR Authority announces the location of the facility in 2016.

Recommendation: Should Fresno County be selected as the site for the heavy maintenance facility, the City should apply to LAFCo for an SOI amendment and annexation in order that services can be provided to the facility.

- Due to plans for a greater emphasis on infill and higher density land uses, the General Plan allows an overall increase in residential density and development intensity as compared to the 2025 General Plan.
- General Plan policies for SEDA have changed substantially since this SOI was determined. Though the City has incorporated SEDA land uses into its General Plan as a part of Growth Area 2, the timing for implementing this growth area may not correspond to LAFCo's SOI policy.

Recommendation: that the SEDA SOI be retained at this time to allow for the opportunity to properly address the policy concerns identified in this report. Fresno LAFCo may define a period within which the City must report back and provide the status of its efforts at conducting specific planning or identifying a timeline for when specific planning will occur.

Recommendation: that LAFCo develop policies specific to SEDA that ensure the area is developed in an orderly fashion and consistent with the City's development priorities in other areas.

- The City of Fresno has partnered with 13 of the other 15 federally-defined Urbanized Areas in the San Joaquin Valley as part of the Smart Valley Places network, to plan and implement smart growth, livability, and sustainability through revised land use and transportation systems in the respective cities within all the Urbanized Areas in the eight-county Valley region.
- The City has made efforts to meet with the City of Clovis regarding planning for growth in areas of mutual interest, and has made plans to continue this practice. The City has adopted several policies in its General Plan to ensure coordinated development of certain infrastructure common between the City of Fresno and the City of Clovis.
- Fresno LAFCo has adopted a policy encouraging annexation of unincorporated islands within city limits and requiring cities in Fresno County to develop plans to annex these areas. To date, the City of Fresno does not have a plan in place to annex these islands.

Recommendation: that the City develop a General Plan implementation program that conforms with the Fresno LAFCo annexation program. This implementation program can address annexation of the unincorporated islands within the city limit; annexation of the urban edge that is impacted by irregular boundaries, and conflicting County land and comprehensive service transition planning for affected agencies.

Recommendation: It is recommended that the City develop a comprehensive plan for annexation of its urban fringe where rural residential parcelization has heretofore hampered orderly and efficient growth of the City.

2. Present and Probable Need for Public Facilities and Services

- The type of public services and public facilities required in the proposed SOI boundary is not anticipated to change, although the level of demand will increase as a result of infill and greenfield development.

Recommendation: It is recommended the Friant-Copper SOI proposal be included in City's SOI if it is also supported by the City.

- In previous SOI updates, the non-contiguous land where the Regional Wastewater Reclamation Facility is located has not been discussed for inclusion in the City's SOI, although the territory is within the incorporated city limits as an island as permitted by CKH. By excluding the wastewater facility lands from the SOI, it could appear that LAFCo is signifying the eventual detachment of this land from the City; however, this is not the case. The practice of not including a city's non-contiguous public facility within an SOI is common for LAFCos, given that growth of public facilities is relatively slow when compared with the market influences of the city itself, and occurs generally in response to the territory needed to expand the public facility.

Recommendation: That Fresno LAFCo determine a SOI for the City's Regional Wastewater Reclamation Facility.

- The development of the undeveloped areas of the City's SOI will require a full range of City services and community facilities, which could have an impact upon existing City service levels and infrastructure.

3. Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide.

Present Capacity

- Capacity of city departments has been constrained due to financial limitations which have resulted in reorganization of several departments and a significant reduction in staffing, resulting in limited capacity of all departments to maintain service levels. Filling these managerial positions has had a positive effect on staff capacity.
- Certain departments face more significant challenges to capacity than others. The public safety departments have more readily identifiable capacity concerns, compared to other departments, as defined by longer emergency response times.
- The City of Fresno Police Department had to implement significant organizational changes to meet community needs with fewer resources, including priority modification, staff

reassignment, and restructuring of the operations. These economic constraints, combined with other issues, such as parole reform and the early release of prisoners, have required the Department to focus its resources on the highest priority duties, resulting in longer response times.

- The Fire Department has been unable to meet target response times, due to cuts in the number of units available to respond. Additionally, due in part to the duplication of services provide by American Ambulance, the Department has stopped responding to serious medical emergency calls, and reduced availability for all public education outreach.
- The Parks, After School, Recreation and Community Services Department (PARCS) has experienced deferred maintenance of infrastructure which is costly to maintain and relies heavily on volunteers for maintenance work.

Service Adequacy

- The City appears to provide adequate services based on the performance measures assessed in this document. No significant deficiencies were identified that greatly affect the overall level of services offered.
- Typical of any public service provider, there is room for improvement in the level of services offered by the City. Specifically, during the course of this review the following highlighted recommended enhancements to service were identified to address chronic/repetitive issues or public safety concerns:

Recommendation: that the City ensure that contract Fresno Convention & Entertainment Center provider benchmarks are attained and subsidizing of operations by general fund minimized to the greatest extent possible.

Recommendation: that the City plan as necessary to ensure sufficient capacity at the Regional Wastewater Reclamation Facility appropriately address population growth from development.

Recommendation: that the City continue to strive for lower response times by public safety departments to meet goals and standards.

Recommendation: that the City continue to work to ensure an equal distribution of park and recreation facilities throughout the City.

4. Existence of any Social or Economic Communities of Interest

- There exist social and economic conditions that cause interaction and interdependence between the City of Fresno and the areas within the City's SOI.

- There are multiple unincorporated islands within the City of Fresno's boundaries, each of which is considered a community of interest. These land use patterns that developed over several decades challenge service delivery efficiencies and also create public confusion over jurisdictional boundaries and service responsibilities.
- The City abuts and overlaps several special districts, which also lie within the City's SOI. The operations of the City and plans for future growth impact the operations of these agencies. There appears to be an opportunity for enhanced communication between the City and other neighboring/overlapping special districts.

Recommendation: that the City's annexation plan include outreach to these special districts to ensure proper subregional planning of infrastructure and coordinate the eventual transition of services as the City annexes the areas served by the special districts.

5. The Present and Probable Need for Public Facilities or Services Related to Sewers, Municipal and Industrial Water, or Structural Fire Protection, of any Disadvantaged Unincorporated Communities Within the Existing Sphere of Influence.

- LAFCo staff has identified 20 DUCs within Fresno's SOI and six DUCs within a one mile distance outside the adopted SOI boundaries.
- Locations identified as DUCs display characteristics of a DUC pursuant to Fresno LAFCo's Policy 106 and consistent with the CKH Act of 2000. Each identified DUC area is designated with a number in Figure 7-3 and the corresponding community description identifies: the location, number of properties within the DUC, its U.S. Census Tract-Block Group number, and the MHI levels for the time period between 2006 and 2010.
- At present time, a majority of these communities receive water, wastewater and fire services through a combination of the City of Fresno and special district service providers. No particular water, wastewater, or fire service infrastructure needs were identified for these particular areas. The type of public services and public facilities required in these areas is not anticipated to change, although the level of demand will likely increase as a result of growth.

Minutes of the February 5, 2016 Fresno MSR/SOI Listening Session
*Powerpoint presentations from this meeting are on the Fresno LAFCo website
at www.fresnolafco.org under the "Hearings and Workshops" tab.*

The listening session was called to order at 10:05 a.m. by Commissioner Perea.

Commissioner Perea explained that this was a listening session to give the public stakeholders an opportunity to present testimony to the Ad Hoc Committee so that the Committee could report back and make recommendations to the Commission.

Executive Officer Fey gave some background on the City of Fresno's Southeast growth area and presented a PowerPoint presentation outlining LAFCo, the MSR process, and the scope of the committee's interests.

Commissioner Perea said that each person wishing to give testimony would be given 10 minutes to share their comments.

Guest Speakers and Comments:

Bruce Rudd, City Manager for the City of Fresno reviewed the city's participation in the development of the MSR. Mr. Rudd said the City did not support absorbing private water agencies and that the economic crisis had a major impact on the City's growth.

Jennifer Clark, Director of Development and Resource Management reported that the city's 2005 and 2006 SOI request for SEDA was based on the city's 2025 General Plan (GP). Ms. Clark said that SEDA was identified as an area that the City would grow into utilizing specific plan policy documents. Ms. Clark reviewed the City's development within the City area and said that between 2006 and 2009, the market peaked but the City anticipates that development will pick back up. Ms. Clark said that the City MOU states that 60% development will be reached prior to developing SEDA and that the City anticipates that it will hit the conditions per the MOU within the planning horizon. Ms. Clark presented a PowerPoint presentation that can also be found on LAFCo's website.

Mr. Rudd said the City was impacted by costs to maintain development and recommended that LAFCo conduct a fiscal analysis to be included in future MSRs. Mr. Rudd said that based on the City's analysis, the City is at 30% development and that the City anticipates that it will reach 60% within the planning horizon.

Brian Speece and Christine Miktarian-Brown from the State Center Community College District (SCCCD) provided a PowerPoint presentation (can also be found on LAFCo's website). Mr. Speece said that the District pursued a \$160M bond to have a presence in the SEDA. Mr. Speece said the District purchased 120 acres northwest of Clovis and North Avenues and the District plans to invest \$10 million on the campus site. Mr. Speece said the District's funds are matched by State and local funds and that several

approvals from the State have already occurred for this 120-acre campus site. Mr. Speece said the District has begun preparing an EIR for the project and that water, sewer, and police protection were expected to be provided by the City of Fresno. Mr. Speece said the State approved a \$50 million bond for construction of the campus to start in December and that the next bond needed for this site is a \$145 million bond which would also be allocated for this 120-acre site. Mr. Speece said that if this Site is taken out of the SOI, the funding process would need to be restarted.

Commissioner Santoyo asked how would the SOI changes affect the SCCCD's investment. Mr. Speece responded that he was unsure, but was concerned that service providers with the City may be affected as the City had already agreed to provide the services. Mr. Speece said that the City's GP changed the City's initial plans but did not change the SCCCD's plans.

Richard Sepulveda with the Sanger Unified School District said the District has a presence in the SEDA area and the SCCCD site is within the District's boundaries. Mr. Sepulveda said that there could be two school sites along the Clovis and Jensen Avenue areas and that he is optimistic that their future Jensen and Fowler Avenue site would not be affected, due to consistent permit activity that he has seen. Mr. Sepulveda said that the area south of SR 180 might influence future enrollments as initially anticipated.

Don Ulrich with the Clovis Unified School District said the District has invested in a school site at the intersection of Highland and Leonard Avenues and that he would like an opportunity to provide the Committee with additional information after the listening session.

Commissioner Santoyo asked if the District used SEDA numbers to forecast enrollments. Mr. Ulrich replied that they did, to the extent that the District used demographic forecasts in SEDA to plan a future school site.

Commissioner Santoyo asked if the District was envisioning a time when the area was built-out, because that has not occurred. Mr. Ulrich responded that delaying the process has postponed building the site until around 2023, and that the District initially assumed it would be around 2018. Mr. Ulrich said that funding has generally already been allocated.

Commissioner Santoyo asked how a possible SOI revision would affect the District. Mr. Ulrich responded that if the SOI is moved, growth projections would be affected and shifted to the west or north, but if the SOI is left where it is, the District would assume that growth would occur as anticipated by the City and District. Mr. Ulrich said that the School District has limited funding and restarting the EIR process would be a substantial expenditure.

Commissioner Santoyo asked Mr. Ulrich to provide additional information to help the Committee understand the possible impacts.

Commissioner Perea opened the listening session to the public to hear their comments.

Mike Prandini with the Building Industry Association (BIA) said that development is picking up and that the BIA is concerned with reducing the SEDA boundary. Mr. Prandini recommended that LAFCo meet with County and local affected agencies to identify all impacts if the SOI was reduced, including the impacts to the school districts. Mr. Prandini said that builders plan about 10 years in advance.

Commissioner Santoyo said that SEDA is a large footprint and that nothing has happened in the past 10 years and the issue is: will there be building activity to move development into the SEDA? Commissioner Santoyo asked, In terms of development, what are the forecasts shown in SEDA by the BIA?"

Mr. Prandini said the current limit has been along Temperance Avenue and that the City has not focused on completing a specific plan for SEDA, which has stalled development of the area. Mr. Prandini said the City is going to be making a huge investment in a future water plant and that planning for the ultimate growth takes time. Mr. Prandini said that he is concerned that if the SEDA is removed from the City's SOI, the County would take ownership of possibly develop the land within SEDA. Mr. Prandini said that the BIA believes new development would be sustainable and conservative and he is not sure what it will take to bring SEDA back in to the City's SOI, if LAFCo reduces it. Mr. Prandini said that leaving the SEDA in the City's SOI would allow the City to plan for that area. Mr. Prandini said that if LAFCo were to reduce the SEDA, interested parties should be included in the decision.

Commissioner Santoyo expressed, "so the amount of growth is still unknown." Mr. Prandini said no one knows for sure but if the SOI is moved, it would limit investment and growth in the SEDA.

Developer John Bonadelle said he would like to clarify that the SEDA has not been developed because the City has not prepared a specific plan, but if the City had a specific plan in place; developers would already be developing the area. Mr. Bonadelle suggested that the area north of the SEDA would be the most feasible area to leave in SEDA and that there has always been Developer interest to develop in SEDA.

Mark Reitz, a Civil Engineer, said he is familiar with the SEDA and said that SR 180 was planned and constructed as the main arterial to connect the SEDA with the larger Fresno area and is concerned about the impact to SR 180, if the SOI was reduced. Mr. Reitz said that he supported keeping the SOI as it is.

Keith Woodcock, City Planner for the City of Sanger stated that SOIs need to be respected by the County and the corridor between the SEDA and Sanger needs to be respected and said he didn't want urban development in that area.

Radley Reep, speaking as a concerned citizen, said he would like for the MSR to include an analysis on what the County is planning for development. Mr. Reep said it would be a good idea for the Board of Supervisors to discuss what the long-range plan for the SEDA would be if the area was removed from the City's SOI.

Manual Cunha with the Nisei Farmers League said that mitigation is a big issue for farmers. Mr. Cunha said that the sale of lands to developers would be disruptive, but if the SOI remains as is, he would like to ensure that havoc is not caused with the local farmers. he does not support leap frog development and recommended that LAFCo be cautious if it plans to move the SOI and to respect the environmental review investments that have already been made.

Commissioner Santoyo asked if inclusion of the farmers' ag land in the SEDA created any undue effects on the local farmers. Mr. Cunha responded that farming in the last 10 years has changed because of challenges to the small farmers created by the requirements imposed by the State. Mr. Cunha said that many of the small farmers have sold their operations to other farmers or retired their operation due to more restrictive regulation of farming. Mr. Cunha said that small farmers have been working with local government to plan for the farmers' future.

Commissioner Santoyo said he would like to direct staff to work with the local farmers to identify their challenges in order to avoid impacting the farmers in the SEDA.

Leland Parnagian, a local business owner and landowner in the SEDA said the SEDA farmers have been investing in small farming operations and actively cultivating the land. Mr. Parnagian said he supported leaving the SOI as is. Mr. Parnagian said that as a land owner, he has talked with SCCCD about developing his land for a future school site and residential development. Mr. Parnagian said he has been involved with the master planning process with the SCCCD and the developers and that if the SOI is revised, investments for development would be negatively impacted.

Commissioner Santoyo said he would like to make sure by asking again, in the past 10 years, has farming operations been affected by development and would the SEDA impact his operation in the next 10 years? Mr. Parnagian replied "not really" and that his farming operation has not been impacted by development activity. Mr. Parnagian said his farms have been actively farming in the last 10 years.

Commissioner Perea closed the public comment portion.

Concluding Comments

City Manager Bruce Rudd reviewed his City Council experience and said the City has refocused its plans for growth. Mr. Rudd said he would like to mention that other cities' SOIs should also be evaluated for balanced growth.

The meeting adjourned at 11:31 am

Attachment D

FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCO) AD HOC COMMITTEE MEMORANDUM

DATE: December 21, 2015

TO: Fresno SOI Ad Hoc Committee

FROM: David E. Fey, AICP, Executive Officer 

SUBJECT: Ad Hoc Committee to examine options related to Commission action on the Fresno Sphere of influence

ADMINISTRATIVE RECOMMENDATIONS:

1. Committee to conduct an initial administrative meeting:
 - a. Develop scope of work
 - b. Develop list of stakeholders
 - c. Decide logistics for public workshop including venue, date and time, noticing
2. Conduct a public workshop to accept comment:
 - a. Open the public workshop
 - b. Introductions, purpose, scope.
 - c. Take public comments.
 - d. Conclude the public workshop
3. Conduct a second meeting of the committee to evaluate comments and prepare a draft recommendation:
 - a. Summarize comments
 - b. Resolve which comments are relevant to the scope of work
 - c. Prepare draft report to commission
 - d. Committee reviews and comments on draft report.
 - e. Schedule item for commission consideration
4. Present committee's draft recommendation to the full Commission for action:
 - a. Commission receives report and draft recommendation
 - b. Take public comments
 - c. Commission to take action

Background

On December 10, 2015, the Commission appointed Commissioners Perea and Santoyo to serve as an ad hoc committee to examine the issues related to the Fresno SOI southeast growth and development area (known as "SEDA" or "SEGA").

In establishing the ad hoc committee, the Commission directed the committee to conduct an initial administrative meeting followed by a public workshop to accept comment.

Staff recommends that the committee conduct a second meeting after the workshop to draft a recommendation to present to the Commission for action.

FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCO)
AD HOC COMMITTEE MEMORANDUM

Correspondence received prior to the close of public testimony was received from Don Ulrich, Clovis Unified School District and Manuel Cuhna, Nisei Farmers League (both attached). Testimony was presented by Mary Savala, League of Women Voters, Ashley Werner, Leadership Counsel, and Will Scott, small farmer.

Staff has since been contacted by:

- Dan O’Connell of the American Farmland Trust;
- Mark Reitz, landowner of 20 acres southeast corner of Temperance and California Avenue; and
- Mary Savala and Radley Reep, League of Women Voters.

Scope of Committee’s Work

The central question for the Commission to consider may be characterized as,
is SEGA in its current configuration necessary to accommodate the probable physical boundaries and service area of the City of Fresno within the Commission’s SOI planning horizon?

The Sphere of Influence is defined in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH) §56076 as “A plan for the probable physical boundaries and service area of a local agency, as determined by the commission.”

The purpose of the sphere of influence is to ensure that municipal services are extended into a city’s growth area in an orderly, logical, and efficient manner, and to discourage urban sprawl and the premature conversion of agricultural and open space lands. Commissions cannot require local agencies to adopt certain planning goals. Rather, LAFCos operate on a regional level to coordinate the orderly development of local agencies.

SOIs are essential for LAFCO to accomplish its public purposes under CKH. CKH sec. 56375.5 requires that every determination made by a commission shall be consistent with the spheres of influence of the local agencies affected by those determinations. These subsequent actions include annexations and detachments, MSRs, special district modifications, and requests to authorize extensions of service.

Four determinations are necessary for Commission action on the SOI. Determinations are conclusions made by the Commission based on information in the record and when approved by the Commission they form the basis for action on the SOI. The four SOI determinations are presented below with contextual information:

1. Present and planned land uses, including agricultural and open-space.

The Commission has no land use authority (CKH §56375(a)(6)). This is reserved for “planning agencies” as defined in GC sec. 65100—in this case the City of Fresno and Fresno County. A commission shall not impose any conditions that would directly regulate land use density or intensity, property development,

FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCO)
AD HOC COMMITTEE MEMORANDUM

or subdivision requirements. Further, CKH sec. 56886 prohibits a commission from approving terms and conditions that directly regulate land use, property development, or subdivision requirements.

This does not preclude a commission from considering land use and other factors in consideration a proposal. For example, sec. 56668 specifically identified land use, population and population density; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas.

Specific to the central question for the committee, this section also encourages the commission to consider, "the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years."

This determination would benefit from the question how a change to the SEGA SOI may affect the underlying development phasing conditions of the 2003 City/County MOU. The 2003 MOU introduced several development conditions that regulated how the City would proceed with growth.

2. Present and probable need for public facilities and services.

LAFCo resolution adopting the SEGA SOI referenced the City's commitment to the County in the 2003 MOU amendment that "provided the SOI amendment is approved, the city will move forward with the preparation and adoption of various community and Specific Plans." The commission resolved in its sec. 6 that "the proposed SOI expansion will accommodate anticipated growth needs of the City of Fresno in the affected area, and ,with certain recommended conditions for future annexations therein, will provide for all existing and planned uses."

3. Present capacity and adequacy of public facilities.

This was to be expanded upon with the specific plan.

4. Existence of social or economic communities of interest.

Subject communities of interest include agribusiness, farming land owners, the building industry, school and community college districts. long-range plans of public agencies, including the Clovis and Sanger Unified School Districts, anticipate urban growth in SEDA. The effect of a SOI amendment on these agencies should be considered by the committee.

Suggested Issues to be Resolved by the Ad Hoc Committee

- Are the underlying factors that supported the Commission's 2006 SEGA SOI determination approval still valid?
 - If not, what should be the extent of this revision.
 - Options discussed included a return to the pre-2006 SOI boundaries and a partial revision of the sphere boundary.

FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCO)
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- Will development pressure continue in SEGA in the County?

The current Fresno County General Plan land use diagram designates SEGA for Rural Residential and Agricultural uses. The committee may choose to consider what effect an amended SEGA SOI could have on the viability of those uses given the nearly nine years that they have been in the SOI.

- Will a reduced SEGA SOI induce growth in other areas of the County?

FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCO)
AD HOC COMMITTEE MEMORANDUM

DATE: January 8, 2016
TO: Fresno SOI Ad Hoc Committee
FROM: David E. Fey, AICP, Executive Officer 
SUBJECT: Memo #2

The Committee (Com. Perea, Com. Santoyo, EO Fey) conducted an initial administrative meeting on December 21, 2015. Commissioner Perea briefed Commissioner Santoyo on the points discussed during his December 18, 2015, meeting with City of Fresno mayor and city Manager and EO Fey. Fey related his meeting with Mary Savala and Radley Reep (League of Women Voters). Com. Santoyo suggested that the Commission consider a general policy that if land in a SOI is not developed in a certain number of years that the Commission reevaluate the original boundaries.

Scope of Work. The committee agreed that its scope of work should be limited to issues that relate to the SE SOI question under the jurisdiction of the LAFCo. Based on comments and direction from the committee, staff proposes:

The committee's scope of work is to determine the facts and information needed to support the MSR and SOI determinations, including the city's efficient extension of service to the Southeast SOI, and timing of Fresno's General Plan program for development in the Southeast SOI.

Listening Session. The committee discussed a list of stakeholders to invite to the "listening session," including city of Fresno, CUSD, SCCCD, SUSD, ag interests, citizen groups, building industry.

The objective of the listening session is proposed to be:

To collect information that will support a committee recommendation to the Commission on the Fresno Municipal Service Review and Sphere of Influence.

Conduct of the public listening session was discussed as:

1. Open the session with statements of the issue, request that comments be focused on the scope of work (Staff to develop talking points, guidelines for presentations).
2. Take public comments.
3. Conclude the session.
4. Optional subsequent meetings with stakeholder groups to clarify statements made at session.

The session is planned for February 5, 2016, in the BOS chambers at a time to be determined. A notice to stakeholders will be sent at least ten days before the session.

Administrative draft listening session talking points are attached as powerpoint slides. Comments are welcome.

c: LAFCo Chair Silva, LAFCo Counsel Ken Price

FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCO)
AD HOC COMMITTEE MEMORANDUM

DATE: March 9, 2016
TO: Fresno SOI Ad Hoc Committee
FROM: David E. Fey, AICP, Executive Officer 
SUBJECT: Memo #3

Background

The committee's scope of work is to determine the facts and information needed to support the MSR and SOI determinations, including the city's efficient extension of service to the Southeast SOI, and timing of Fresno's General Plan program for development in the Southeast SOI.

Listening Session

On February 5, 2016, the Committee (Com. Perea, Com. Santoyo, EO Fey) conducted a Listening Session noticed to SE SOI stakeholders including the city of Fresno, CUSD, SCCC, SUSD, ag interests, citizen groups, and the building industry. The objective of the listening session was "to collect information that will support a committee recommendation to the Commission on the Fresno Municipal Service Review and Sphere of Influence."

- City of Fresno: City presented an evaluation of its SEDA conditions and concluded that the SOI remains appropriate to accommodate city growth in the SOI horizon.
- SCCC: Fresno asked that the District place its new center in SEGA; is uncertain about service delivery if not in SE SOI.
- CUSD: concerned about delayed development in the Bradley Ed. Center area; has since provided additional information in support of maintaining the SE SOI.
- SUSD: supportive of SE SOI.
- BIA: development picking up, recommends conferring with other agencies prior to action.
- Manuel Cuhna: mitigation impacts, farmers expect to sell land to developers, doesn't support leap frog development.
- Leland Parnagian: leave SE SOI as is.

2006 LAFCo Resolution Conditions

- LAFCo approved the SEGA SOI expansion in 2006.
- Section 7 of LAFCo's resolution stipulated that if and when the City submits an application for annexation for any affected parcels within the amended SOI, the City shall complete the following plans and programs prior to the Commission's approval of such an application:
 1. Prepare and adopt a community or specific plan/EIR for SEGA and EIR;
 2. Prepare and adopt a Master Service Delivery Plan for SEGA;

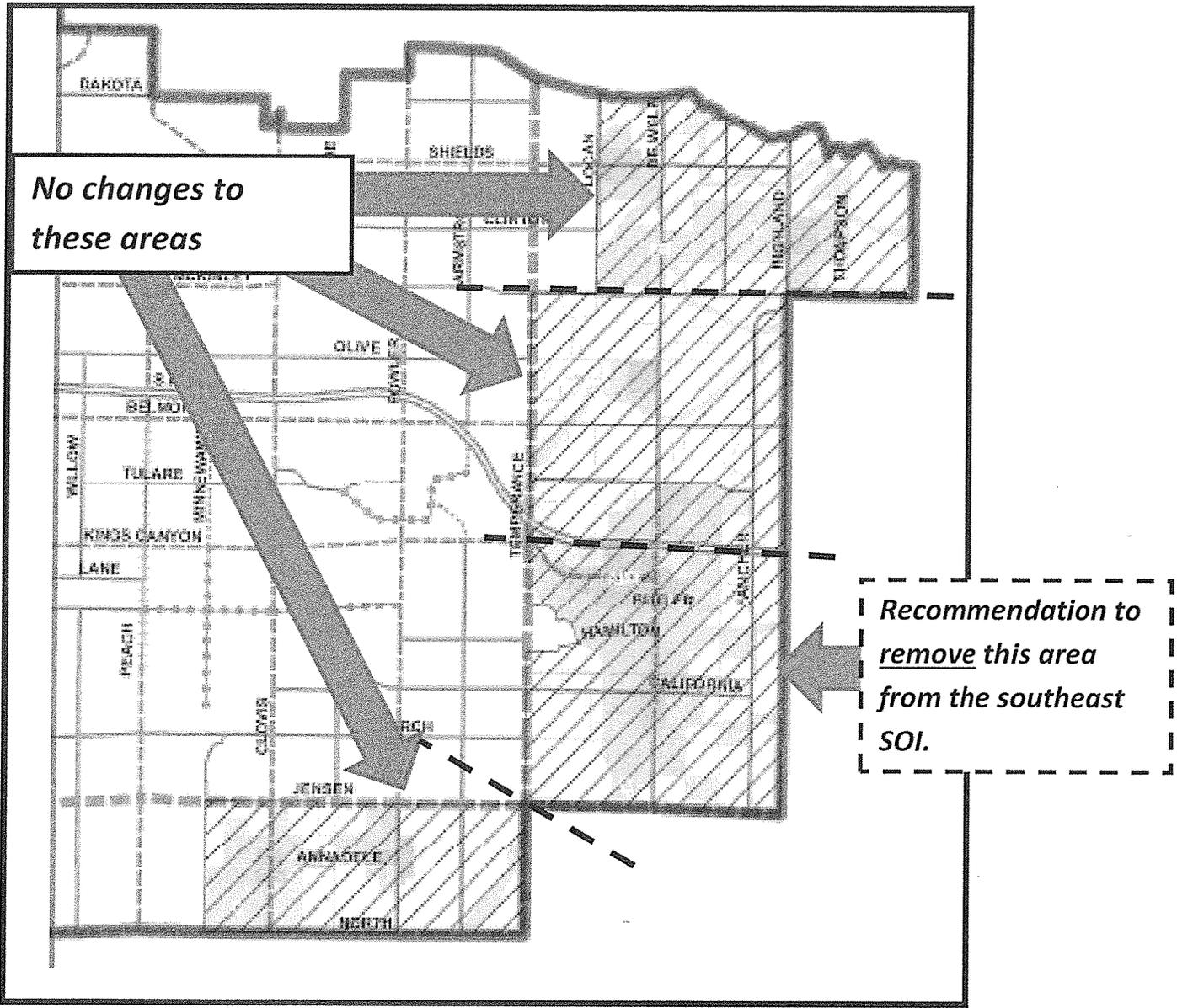
FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCO)
AD HOC COMMITTEE MEMORANDUM

3. Prepare, adopt implementation program for annexing FAT approach corridor and rural residential neighborhoods in SEGA

The resolution was silent on property owner petitions.

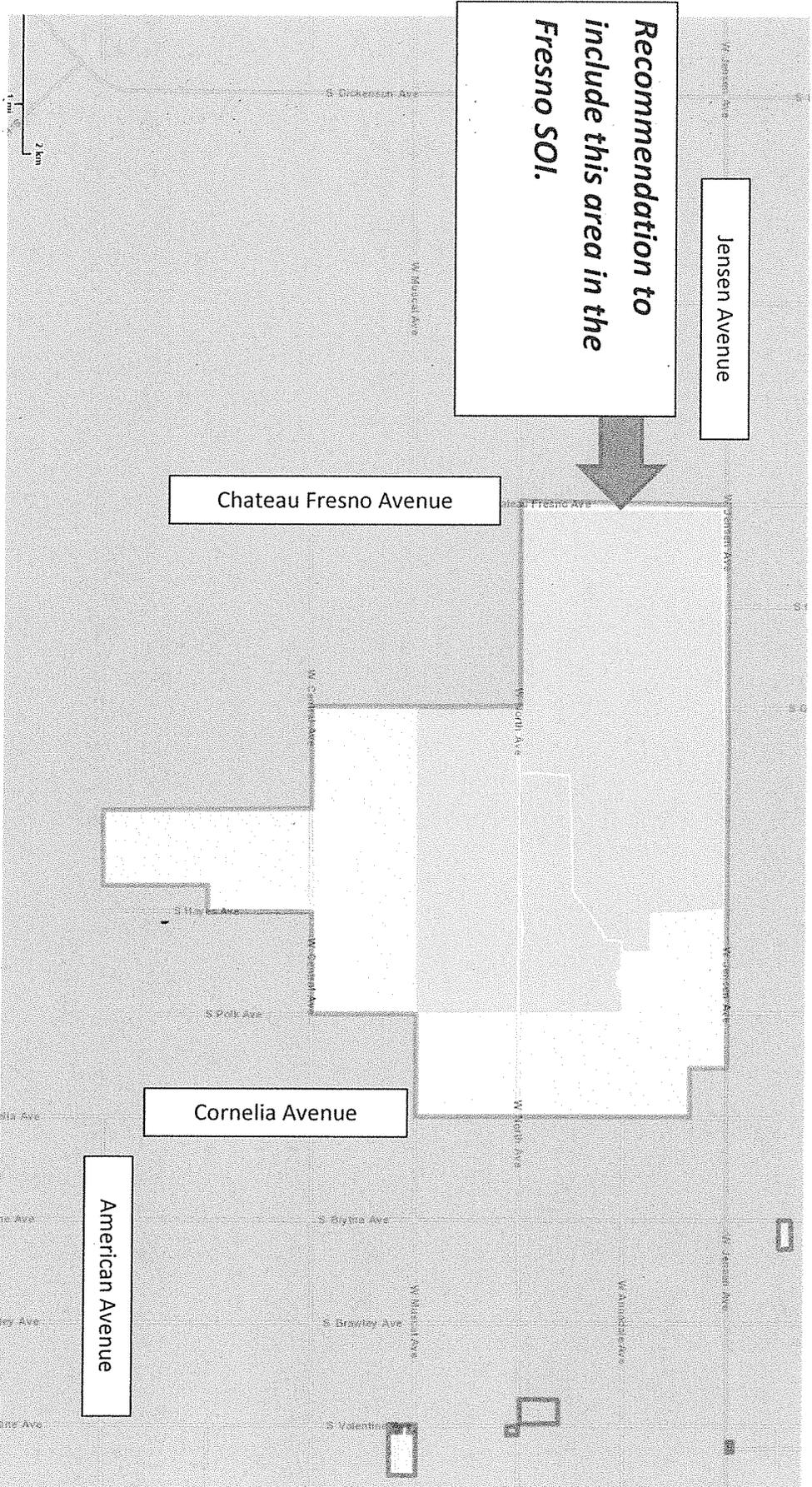
2003 MOU Conditions

- These are much more elaborate and restrictive than LAFCo's conditions.
- The 2003 MOU divided SEGA into four portions with certain conditions of development:
 1. Southeast Village I
 2. Southeast Village II
 3. Southeast Industrial Area
 4. "Intervening Lands" (essentially the remainder of SEGA between McKinley and Kings Canyon)
- MOU Condition Summary
 - Sec. 6.2.1: City agreed that before proceeding with development within SEGA, all of the following conditions shall be satisfied:
 - 6.2.1.1 Water supply plan per WC 10910; and
 - 6.2.1.2 CVP contract renewal.
 - Sec. 6.2.2: Any development in **Southeast Village I** requires a specific plan and EIR for the entire SEGA.
 - Sec. 6.2.3: City agreed to proceed with development of **Southeast Village II** only after 60% of residential area within Roosevelt, McLane, Central, Edison, Fresno High, and West Area.
 - Sec. 6.2.4 **Southeast Industrial Area:**
 - 6.2.4.1. City agreed to proceed with development in the SE Industrial Area after various actions complete with Phase III Roeding Redevelopment Plan infrastructure improvement are completed;
 - 6.2.4.2. City to prepare and adopt a Business Plan;
 - 6.2.4.3. Support efforts to plan, etc. SR 180 to I-5;
 - 6.2.4.4. Adopt SE Industrial Growth Area Business Park Specific Plan, plan approval by the EDC; and
 - 6.2.4.5. Exemption if major employer proposes development in Southeast Industrial Area.
- LAFCo resolution and City/County MOU contain conditions that restrict growth in SE SOI.
- Note, there is an overlapping of LAFCo resolution conditions and the MOU conditions.
 - Both require a specific plan for the SEGA before any city annexation application;
 - Both are silent on property-owner petitions for annexation;
 - Both have same boundary for SEGA.
 - Any change to one doesn't necessarily change the other.



Recommended Amendment of the Southeast Fresno Sphere Of Influence

Recommended Amendment of the Fresno Sphere of Influence:
Regional Wastewater Reclamation Facility



MSR Figure 21-1: High Speed Rail Maintenance Facility Study Area

