

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

AGENDA ITEM No. 8

DATE: August 12, 2015

TO: Fresno Local Agency Formation Commission

FROM: David E. Fey, AICP, Executive Officer 

PREPARED BY: George Uc, LAFCo Analyst II

SUBJECT: Consider Adoption – Municipal Service Review and Sphere of Influence Update Prepared for the Panoche Water District

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

- A) Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines, find that prior to adopting the written determinations, the Municipal Service Review and Sphere of Influence determination under consideration are Categorical Exemption 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 District are complete and satisfactory.
- C) Find that the written determinations within the Municipal Service Review and Sphere of Influence Update satisfy State Law.
- D) Pursuant to Government Code Sections 56425 and 56430 make the required determinations for the Municipal Service Review and District Sphere of Influence, adopt the Municipal Service Review prepared for the District, and update the Sphere of Influence for said District by reaffirming the current boundaries.

Description

On June 3, 2014, Fresno LAFCo sent notice to Panoche Water District ("District") of the upcoming Municipal Service Review (MSR) Update. LAFCo Staff received comments within two weeks of the said notice. Further information collection and document refinement occurred thereafter.

Over the course of time, the District, District's Consulting Engineer, and LAFCo staff worked together to prepare the 2015 Draft MSR to comply with Government Code Sec. 56430 and Fresno LAFCo Policy 107- Municipal Service Review Policy.¹ LAFCo staff notes that the

¹ Fresno LAFCo Policy 107- Municipal Service Review Policy adopted on November 5, 2014

District's participation with the MSR program was primarily through the District's engineering consultant.

The District's sphere of influence (SOI) and service area encompasses 38,317 acres and is located in northwestern Fresno County and southeastern Merced County. The District is a multiple-county agency with 36,693 acres in Fresno County and 1,624 acres in Merced County. The District's approved SOI and service area are coterminous. The District informed Fresno LAFCo staff that the agency does not foresee the need to revise its current SOI boundary. This draft MSR update recommends affirmation the current SOI for the District.

Fresno LAFCo Policy 107 designates the District as a "Level three" special district that provides "non-municipal" services to its constituency. Non-municipal special districts typically do not request or experience modifications to their service area or request to update the Commission adopted SOI for the agency. Level three non-municipal special districts means that services that are provided by the agency do not in themselves facilitate or induce population growth. The domestic water deliveries to approximately 46 connections, or approximately 146 people are, in staff's opinion, clearly incidental to the District's primary mission to distribute water for irrigation purposes to approximately 67 landowners.

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

Summary / Background

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

The attached MSR presents these determinations with District information and the analysis used in support of the determinations and recommendations.

Environmental Determination

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

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

There is no possibility that this MSR and SOI update may have a significant effect on the environment because there 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.