

PANOCHÉ DRAINAGE DISTRICT

MUNICIPAL SERVICE REVIEW

Report to the Fresno Local Agency Formation Commission

Brian Spaunhurst, Executive Officer
Jessica Gibson, Analyst II
Monica Leon, Analyst I
Joel Matias, Analyst II
Lizbeth Dominguez, Analyst I
Amanda Olivas, Clerk to the Commission
1401 Fulton Street, Suite 800
Fresno, CA 93721

May 13, 2026

I. MUNICIPAL SERVICE REVIEW

Description of District

The Panoche Drainage District (“PDD” or “District”) was created in 1957. It operates pursuant to the County Drainage District Act of 1903 (Water Code, Section 56000 et seq.). The Drainage District Act of 1903 provides for the organization and governmental structure of special districts whose sole purpose is to drain agricultural lands. It does not grant authority to perform other services, including any urban service functions. It states that all lands within the district must be served by one general mode of drainage. Lands that cannot be served by one common system of drainage may not be included in the district.

With the Sphere of Influence (“SOI”) update , the District encompasses 50,132.9 acres located primarily in northwestern Fresno County and a small portion in southern Merced County. The District extends from Fairfax Avenue to the east (west of the City of Firebaugh in Fresno County), extending northwest into Merced County near Woo Road.

PDD has submitted an application to annex an additional 3,145.4 acres of farmland located along the northerly border of the District. PDD’s SOI and service area will be coterminous upon approval. These lands utilize PDD’s drainage system but are not within the District’s service area or sphere of influence. The subsequent annexation will address this issue.

District Services and Background

The District provides the following services:

- Operations and maintenance of regional drains to accepted subsurface drainage and stormwater runoff from agricultural lands within its borders.
- Operations and maintenance of certain drain pumps within the regional drainage system.
- Operations and maintenance of certain drainage sumps associated with landowner subsurface drainage systems.
- Assist landowners with compliance with certain regulatory programs and waste discharge orders.

The District is governed by a five-member board of directors elected by divisions. The District, which has no employees, utilizes the Panoche Water District staff and outside contractors for its needs.

Purpose of the Municipal Service Review

The Municipal Service Review (“MSR”) has been prepared in response to PDD’s SOI update application filed with Fresno LAFCo on 01-12-2026. This MSR presents data and analysis in support of the Commission’s determinations pursuant to Government Code (“GC”) sections 56425 and 56430 and provides a comprehensive review of an agency’s ability to

provide service(s) to those persons and businesses within its current boundaries.

The District has been providing agricultural and storm drainage services to properties adjacent to and outside of its northern border. This MSR was prepared in accordance with GC secs. 56425 and 56430 to incorporate these properties into the District's SOI. PDD has submitted an application for annexation of the same properties. All properties proposed to be included in the SOI revision are actively farmed. Inclusion within the PDD SOI will not impact land use.

2. MSR DETERMINATIONS

This portion of the report addresses the factors specified in the governing statute for Municipal Service Reviews.

Growth and Population Projections

District services do not affect rates or location of development or population growth.

Present and Planned Capacity

The District owns, operates and maintains regional drains, associated drain pumps and subsurface drainage pump systems used for the discharge of agricultural subsurface drain water and storm runoff. In aggregate, this system provides for the agricultural and storm drainage management facilities for lands within the District's boundary.

Outside of severe storm events, drainage waters (including storm runoff) collected by this system are conveyed to the San Joaquin River Improvement Project ("SJRIIP"), where the water is diverted to irrigate approximately 6,000 acres of salt tolerant forage grasses. The SJRIIP is operated by the Grassland Basin Authority on behalf of the Grassland Basin Drainers, of which Panoche Drainage District is a participating agency.

During substantial storm events, the capacity of the SJRIIP to divert drainage flows may be exceeded. When this occurs, the excess storm-induced drain water is discharged through the San Luis Drain, into Mud Slough and ultimately to the San Joaquin River. This discharge is regulated by Waste Discharge Order R5-2019-0077 through the Central Valley Regional Water Quality Control Board and the Grassland Basin Drainers, in coordination with the Grassland Basin Authority, and is responsible for compliance, monitoring, and reporting.

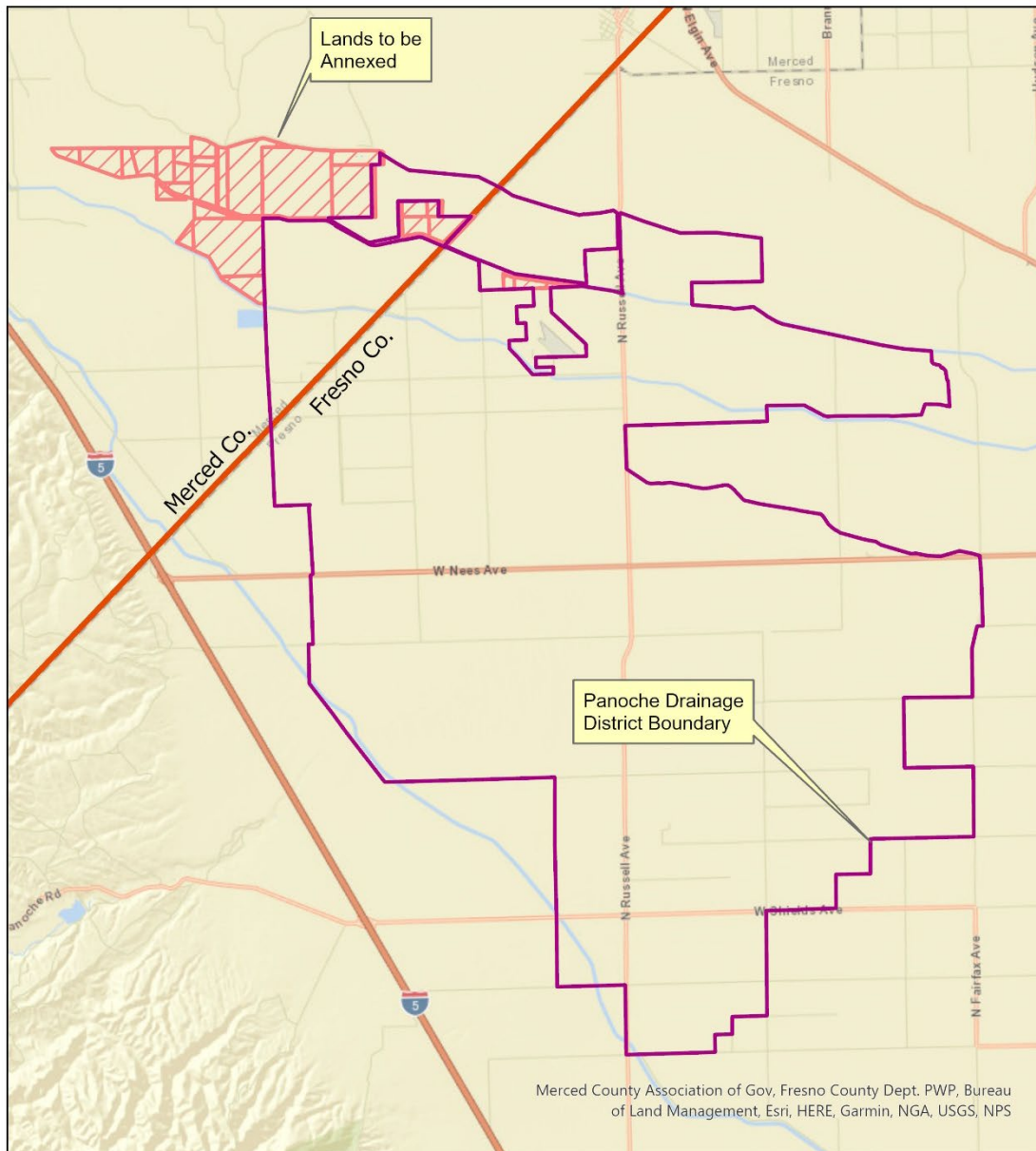
The current drainage facilities are adequate, and Panoche Drainage District does not have plans to expand the drainage capacity beyond its current ability. Although there are in-progress and future infrastructure improvements planned for the regional drainage management, these improvements would be funded and implemented by the Grassland Basin Authority and would be limited to facilities within the SJRIIP.

2026 Annexation

PDD has submitted an application for the annexation of 71.61 acres of farmland within Fresno

County and 3,073.81 acres of farmland in Merced County, for a total of 3,145.4 acres. These properties are located along the northerly boundary of the District and utilize the PDD drainage system to manage agricultural drainage but are not currently within the District’s boundary or sphere of influence. Figure 1 shows the District’s current boundary along with the lands that are in the process of being annexed.

Figure 1: Panoche Drainage District Boundary and Annexed Lands



Financial Ability of Agencies to Provide Services

District revenues for FY 2025-26 were \$2,820,283 which were derived from drainage assessments collected directly by the District from landowners, and other miscellaneous

revenues. District operating expenses for FY 2025-26 were \$2,820,283, including operations and maintenance (\$1,671,685), program payments for membership and regulatory compliance (\$877,526), professional/legal services (\$110,000), and debt repayment (\$161,071).

District debt as of FY 2025-26 is \$1,103,973 payable to Panoche Water District. Debt repayments are made annually.

There are no obvious opportunities for cost avoidance in District operations other than those that the District is already implementing.

There are no obvious opportunities for rate restructuring in the operations of the District.

Status of, and Opportunities for, Shared Facilities

Other than the administrative space shared with Panoche Water District, Pacheco Water District (Merced County), and Charleston Drainage District (Merced County), there do not appear to be opportunities to share facilities in the operations of the District.

Governmental Structure and Operational Efficiencies

There are no obvious opportunities for a different government structure.

The District exhibits characteristics of an agency that is operating efficiently.

The five-member governing board is elected by division. Regular meetings are held on the second Tuesday of the month. Meeting notices and agendas are posted at the District office. The District maintains a website, www.panochedrainage.specialdistrict.org, including news and information about the District.

3. ACKNOWLEDGEMENTS & REFERENCES

This draft Municipal Service Review was prepared by the Fresno LAFCO staff. Responsibility for any errors or omissions rests with those who prepared the report.

The Panoche Drainage District provided information upon which the evaluation is based. The District General Manager, Patrick McGowan, and Chris Linneman from Summers Engineering were instrumental in providing data.

Available Documentation

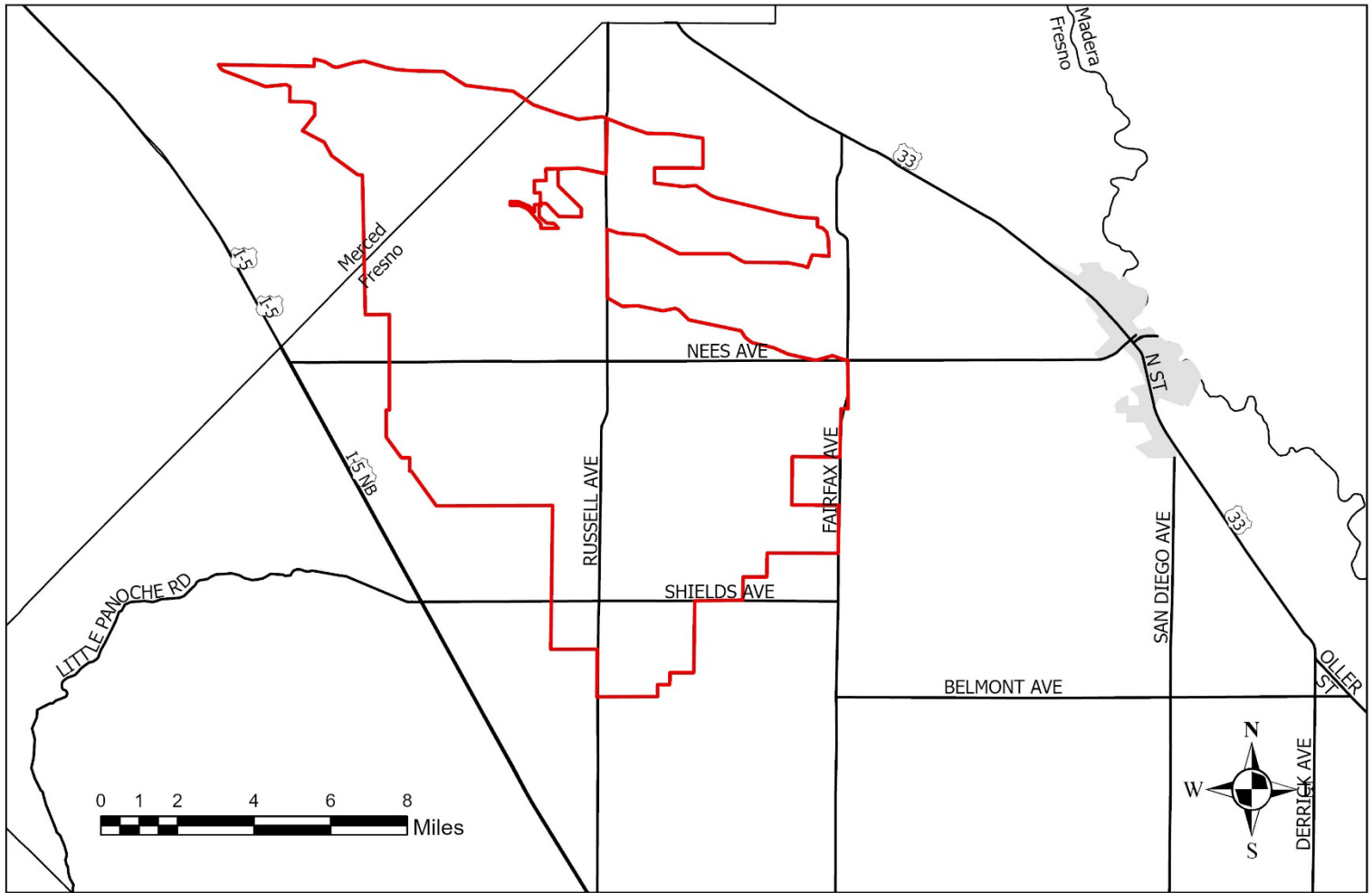
The supporting documents referred to therein are available in the LAFCO office.

4. RECOMMENDATIONS

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

1. Accept public testimony regarding the proposed Municipal Service Review.
2. Approve the recommended Municipal Service Review determinations, together with any changes deemed appropriate.

[https://fresnocounty.sharepoint.com/sites/LAFCo/SharedFiles/LAFCo Projects/Districts/DD/Panoche DD/SOI/RSOI-216 \(North Lands\)/Final PDD MSR_05072026.docx](https://fresnocounty.sharepoint.com/sites/LAFCo/SharedFiles/LAFCo%20Projects/Districts/DD/Panoche%20DD/SOI/RSOI-216%20(North%20Lands)/Final%20PDD%20MSR_05072026.docx)



Legend

- City Area
- District Area and SOI

Fresno Local Agency Formation Commission
 Panoche Drainage District
 Including portions within Merced County
 District Formed: 1957 Map Date: May 2026
 SOI Adopted: 03/24/1976 District Area: 50,133 Acres
 SOI Updated: 05/13/2026 Sphere Area: 50,133 Acres