

PROPOSED FY 2021-22 WORKPLAN

April 14, 2021

1. CONDUCT BIENNIAL FINANCIAL AUDIT OF FY 2019-20

Preliminary budget implication: \$10,000 to be funded by operational funds.

Fresno LAFCo's *Financial and Accounting Procedures ("FAP")* guide the Commission's fiscal procedures. These procedures provide appropriate internal accounting, maintain proper administrative controls, and establish a uniform and systematic approach to LAFCo's financial and accounting process. The *FAP* establishes policy to conduct financial audits and reviews every two years, when there is a change in Executive Officer, or upon the Commission's direction.

The last financial audit was completed in 2020 for FY 2017-18. It is now appropriate to appropriate funds to support a financial audit for FY 2019-20. If approved, staff will issue a request for proposals early in FY 21-22.

2. PROCESS APPLICATIONS, REORGANIZATIONS AND CITIES' SOI AMENDMENTS

Preliminary budget implication: application fees will fund this activity.

Proposals under discussion but not submitted include City of Firebaugh SOI amendment and annexation, City of Clovis McFarlane annexation, Widren Water District consolidation with the Westlands Water District, CSA 32 (Cantua Creek) SOI amendment and annexation, FMFCD SOI update to include SEDA and annexation of same, City of Clovis Ashlan-Thompson SE, City of Fowler annexation, City of Kingsburg SOI amendment and annexation, City of Sanger Academy Avenue corridor annexation Malaga County Water District SOI amendment and annexation, City of Kerman SOI amendment and annexation.

3. CONTINUE FRESNO LAFCO'S MUNICIPAL SERVICE REVIEW PROGRAM

Preliminary budget implication: this activity can be funded from LAFCo's operating account.

On November 5, 2014, the Commission adopted its MSR program. The goal of the Fresno LAFCo MSR program is to provide cities and special districts with an assessment of their provision of services, make recommendations regarding areas of improvement, and determine whether an agency is equipped to effectively provide services within its existing or expanded SOI.

A MSR is necessary for any update of a SOI pursuant to GC sec. 56430.

Fresno LAFCo's 132 MSRs are informally categorized in three "generations:"

- **"1.0" MSRs** are the first generation of MSRs adopted in 2007. These are the first MSRs performed; they are generally brief, frequently conclusory, and may not have been developed with the cooperation of the affected local agency.

- “1.5” MSR are second generation MSR that were updated between 2008 and 2014. These MSR may present more analysis of the affected local agency as staff’s experience preparing MSR grew (locally and statewide through the CALAFCO community).
- “2.0” MSR are MSR that have been updated pursuant to the Commission’s 2014 MSR Policy. The 2.0 MSR present more complete and comprehensive data and analysis in compliance with the 2014 MSR Policy.

Since adoption of the Commission's 2014 MSR Program, this Commission has adopted a total of 48 2.0 MSR in conjunction with the update of affected local agencies’ SOIs. A list of the agencies with 2.0 MSR is presented in Attachment C. Table 1-1 shows the Commission's MSR Inventory by generations.

Table 1-1, Fresno LAFCo MSR inventory by Generation

Municipal Service Review Program	MSRs by Generation			Total MSRs
	1.0	1.5	2.0	
Special District MSRs by Generation	19	57	41	117
City MSRs by Generation	8	2	5	15
Total MSRs by Generation	27	59	46	132

Summary of Remaining 1.0 MSRs

The balance of 1.0 MSR consist of the following agencies: Tri-County Hospital District, Lower San Joaquin Levee District, Westside Resource Conservation District, Westlands Water District, and Malaga County Water District.

In 2018, the Commission directed staff to defer updates of Irrigation District and California Water Districts’ MSR until after these agencies’ GSAs have adopted their GSPs. These special districts have all adopted GSPs and it is not appropriate to plan their MSR updates.

Staff recommends that the Commission’s work plan *continue to prioritize the update of the remaining 2007 special district MSR (AKA the “1.0 MSR”)*. Work on these MSR would, however, take second place to application-driven MSR.

The remaining MSR are proposed for FY 21-22 as follows. Progress on this list depends on the availability of staff resources not already committed to application-based MSR:

First priority MSR are those in progress:

- Coalinga-Huron Mosquito Abatement District
- Consolidated Mosquito Abatement District
- Central Valley Pest Control District
- West Fresno County Red Scale Protective District
- Tri-County Hospital (formerly Kingsburg Hospital District)

2nd priority MSR, as resources are available, are the California Water Districts with 2007 MSRs:

- Westlands Water District
- Liberty Water District

3rd priority are the irrigation districts with 2007 MSRs:

- Consolidated Irrigation District
- Fresno Irrigation District
- Hills Valley Irrigation District
- Riverdale Irrigation District
- Tranquillity Irrigation District

4th priority MSRs are for other special districts with 2007 MSRs:

- Malaga County Water District
- Big Creek CSD
- Del Rey CSD
- Lanare CSD
- Lower San Joaquin Levee District

**4. Comprehensive review and update of Fresno LAFCo Policy Manual
Preliminary budget implication: Can be funded by operational funds.**

Fresno LAFCo's Policy Manual has undergone incremental amendment and update but is in need of a complete and thorough examination to update policies consistent with CKH, and to reflect contemporary priorities and characteristics of the Commission's local agencies.

At the March 10 hearing on the preliminary budget and works program the chair formed an ad hoc policy subcommittee of Commissioners Magsig and Santoyo to work with staff.

**5. Evaluate office move
Preliminary budget implication: \$5,000 to be funded by operational funds.**

LAFCo's office is located in an historic building in downtown Fresno. This location has been convenient but with the expiration of the Commission's lease in early 2022 and the changes to the character of downtown staff supports a thorough review of available offices in other parts of the metropolitan area.

BACKGROUND ON FRESNO LAFCO'S WORK PLAN

Fresno LAFCo's Financial and Accounting Procedures specify that before July 1, the LAFCo Executive Officer shall prepare for the Commission's review and approval of an annual work plan. The work plan is prepared in conjunction with the annual budget. The work plan identifies the purposes and plans of state law and local policy, including requirements for service reviews, sphere of influence updates, and other mandated functions. The budget supports the work program.

This work plan reflects the Fresno LAFCo's Policies and Procedures and the current and the dynamic needs of the local agencies in Fresno County. The work plan is composed of projects to be undertaken directly by LAFCo staff during the year.

The work plan is developed to advance the goals and mission of Fresno LAFCo, consistent with state law.

I. SCOPE OF WORK PLAN

The scope of the work plan is consistent with the legislature's findings and declarations:

- It is the policy of the state to encourage orderly growth and development, which are essential to the social, fiscal, and economic well-being of the state.
- The logical formation and determination of local agency boundaries is an important factor in promoting orderly development and in balancing that development with sometimes competing state interests of discouraging urban sprawl, preserving open-space and prime agricultural lands, and efficiently extending government services.
- Providing housing for persons and families of all incomes is an important factor in promoting orderly development.
- This policy should be effected by the logical formation and modification of the boundaries of local agencies, with a preference granted to accommodating additional growth within, or through the expansion of, the boundaries of those local agencies which can best accommodate and provide necessary governmental services and housing for persons and families of all incomes in the most efficient manner feasible.
- The Legislature also finds that, whether governmental services are proposed to be provided by a single-purpose agency, several agencies, or a multipurpose agency, responsibility should be given to the agency or agencies that can best provide government services.

II. PROJECTS OF THE WORK PLAN

The projects are identified to address important issues identified by the Commission in its initial Policies, Standards, and Procedures Document, adopted in 1986 or as revised. Fresno LAFCo identified the following list of problems and needs locally, which pertain to the Commission's responsibilities, and

developed policies, standards and procedures in this document in order to help resolve the problems and meet needs within the Commission's jurisdiction:

1. Proliferation of overlapping and competing local agencies.
2. Need for more cooperation/coordination among local agencies.
3. Inadequate level or range of services in county/community.
4. Inadequate revenue base or adverse fiscal impacts for local agencies.
5. Illogical, gerrymandered agency boundaries, islands, surrounded areas.
6. Illogical agency service areas.
7. Conflicts between urban and rural/agricultural land uses.
8. Premature proposals and lack of development proposals.
9. Phasing of agency expansion/growth.
10. Determining environmental effects of proposals.
11. Determining consistency with city or county general plans.
12. Urban sprawl and leapfrog urban development.
13. Guiding urban growth away from prime agricultural lands.
14. Defining agricultural lands and open space lands.
15. Opposition of proposals by residents and popularity of proposals by landowners/developers.
16. Provision of adequate noticing of LAFCO hearing and conducting authority hearing.

On February 18, 2015, the following Special District issues were presented to the Commission:

1. No adopted annual budget, by-laws, or procedures.
2. No services.
3. District board nonfeasance.
4. Special district is the subject of a Grand Jury reports.
5. Lack of staff or staff lacks technological/managerial/financial (T/M/F) expertise.
6. Board members fulfill both policy and operational functions.
7. Lack of coordination of similar services between and among different special districts.
8. Lack of transparency and/or Brown Act compliance.
9. Changing demographics, antiquated mission.
10. The special district does not cooperate with LAFCo on the MSR.

Other special district issues have since emerged:

11. The district board frequently lacks a quorum.
12. Board members lack technical, managerial, and/or financial expertise.
13. Board members continue to serve after terms expire (though frequently permitted by the district's principal act).
14. District does not file annual financial statements with County Auditor Controller Treasurer Tax Collector.

III. WORK PLAN CONFORMITY WITH FRESNO LAFCo GOALS

The work plan is refined annually to conform to Commission's adopted goals:

1. Encouraging orderly formation and development of agencies;

2. Encouraging consistency with spheres of influence and recommended reorganization of agencies;
3. Encouraging orderly urban development and preservation of open space patterns;
4. Encouraging conservation of prime agricultural lands and open space areas;
5. Providing public access to the Commission via the internet; and
6. LAFCo disadvantaged communities' policy.